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BUSINESS WEEK

NOV 20 1939

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In the business war-world, Wallace R. Campbell of Ford stands for Canada.

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GATOR

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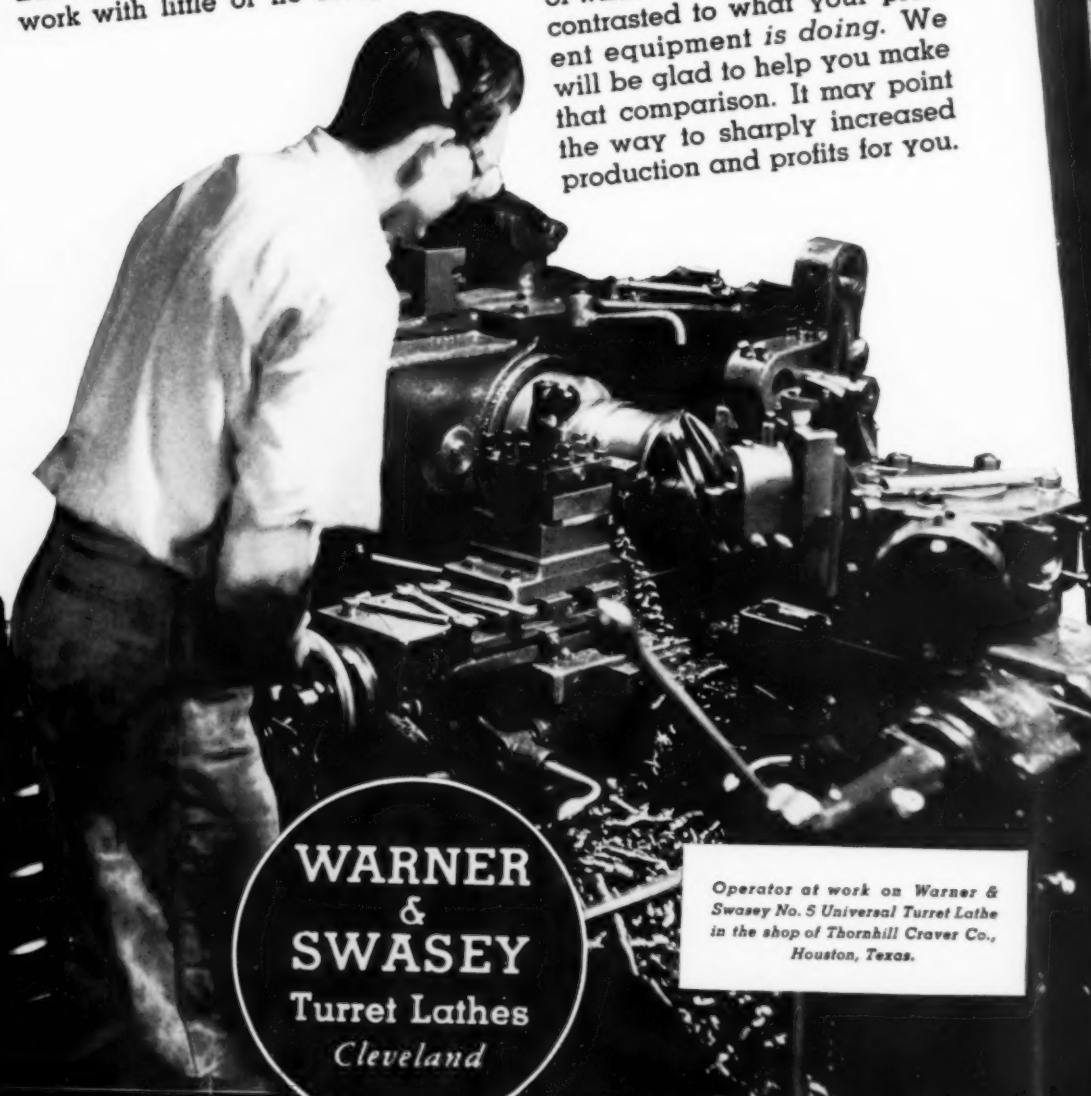
The same to you . . . and many of them

In thousands of plants (perhaps your own) machines that seem "as good as ever" are actually a dangerous drain on profits. They are turning out work, but with a high scrap loss—they simply can't take it when today's production demands put them to the test.

Years ago Warner & Swasey research began to prepare for present-day precision. Result is that modern Warner & Swasey Turret Lathes turn out more and finer work with little or no scrap loss.

Tolerances of $\pm .0002$ are common; often scrap loss is entirely eliminated; cost per finished piece goes down as much as 50%; workmen are happier because their skill is fully used without back-breaking labor.

Profit of your turning department depends on uniform accuracy—each unit the same and many of them. The comparison you should make is not of your operation today with your machines when they were new, but a comparison of what new machines will do contrasted to what your present equipment is doing. We will be glad to help you make that comparison. It may point the way to sharply increased production and profits for you.



**WARNER
&
SWASEY**
Turret Lathes
Cleveland

Operator at work on Warner & Swasey No. 5 Universal Turret Lathe in the shop of Thornhill Craver Co., Houston, Texas.

YOU CAN TURN IT BETTER, FASTER, FOR LESS . . . WITH A WARNER & SWASEY



(Below)
Stenotype
notes—
slightly
reduced

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And getting every word without even looking at his machine. He's the vice-president's right-hand man—private secretary, and organization reporter, because he's a Stenotypist.

In hundreds of modern establishments this illustration is nothing new. To them, the Stenotype's speed and accuracy are as familiar as the speed and accuracy of other efficiency equipment: typewriter, mimeograph, multigraph, or adding machine. For Stenotypy's modern "Machine Age" advantages save errors, delays, time and money for thousands of busy executives.

What Is Stenotypy?

Stenotypy is the verbatim, phonetic typing of speech for purposes of record. It is done on the small, silent, portable Stenotype—operated by touch and using ten fingers the same as in typewriting.

Shown at left are simple Stenotype notes. They are plain English letters that you can read already. All such notes are as legible to your Stenotypist as ordinary print. And being machine-typed at a word per stroke, they insure speed and accuracy un-

rivaled by any other shorthand method.

These advantages are distinct assets to executive and secretary alike. You dictate rapidly, technically, as you wish. Your operator gets it all. Without sacrifice of the accuracy you prize, you produce better, more natural letters—save time in handling volume correspondence.

Dictation Dividends—for YOU!

And since one Stenotypist's notes can be read by any other Stenotypists, wherever several operators are employed emergencies can be effectively met by dictation to one Stenotypist while another transcribes. Notes of any absent operator can be typed, and schedules kept unchanged. Cold notes are no longer handicaps. Important, too, is your secretary's ability to report organization meetings—and thereby add immeasurably to his or her service-value.

Today, competent Stenotypists are available in practically any locality. We recommend considering one for your next opening. Simply telephone your leading business college—or if you wish, our own Placement Department which is at your disposal in locating an applicant.

Arrangements are now operative in many cities for supplying Stenotype training to stenographers and typists in their spare time; and we shall be glad to furnish particulars on request.

● A new booklet, "Stenotypy in Your Office," gives businessmen further interesting information about this modern method. A complimentary copy will be sent promptly, on request.

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Stenotypy is easy to learn, easy to write, easy to read. You can learn it in your spare time—at low cost—and on easy terms. Write TODAY for free booklet, "Advantages to You in Stenotypy."

For a more efficient stenographer—ask for a Stenotypist

A LESSON FROM THE AIR

—Concerning Stampings



THE prime requisite of aircraft manufacturing is light weight—but lightness combined with extraordinary strength. That is why airplane stampings are usually of stainless steel and high strength aluminum alloys. But the low ductility of such metal sheets is too great for ordinary stamping equipment. This fact led to the development by Chambersburg Engineering of the CECOSTAMP, a high production, impact type stamp that is being used by most of the world's leading airplane builders. But the CECOSTAMP is a tool of almost universal application for problems involving light weight high strength sheet metal parts.

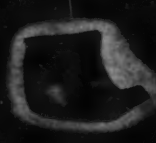
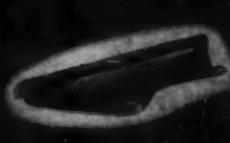
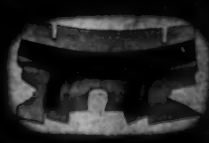
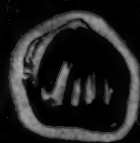
Have you such a problem?



Bulletin 275B will be mailed on request

FOR DROP STAMPING

LIGHT-WEIGHT, HIGH-STRENGTH SHEET METAL PARTS



TYPICAL AIRPLANE STAMPINGS PRODUCED ON CECOSTAMP

CHAMBERSBURG

CECOSTAMPS • PNEUMATIC FORGING HAMMERS
STEAM DROP HAMMERS • BOARD DROP HAMMERS
• HYDRAULIC AND MECHANICAL PRESSES •

CHAMBERSBURG ENGINEERING COMPANY
CHAMBERSBURG • PENNA., U. S. A.

Business Week • November 18, 1939

THIS BUSINESS WEEK

BUSINESS WEEK



The gentleman perusing the globe on this week's cover is Wallace Campbell, president of the Ford Motor Co. of Canada. One of the first \$1-a-year men to be chosen in this war, Mr. Campbell now heads up Canada's War Supply Board. He's undoubtedly got his eye out for markets on the globe on our cover, because all Canadian and British buying in Canada is going to be handled through his office. The opinion of trade observers in Canada this week, incidentally, is that the zero hour on war orders to be placed in Canada and the United States is at hand. Great Britain has only bought \$10,000,000 worth of materials in Canada since the start of the war—a comparatively insignificant amount—but now that all the consultations are over, and the surveys of plants finished, it looks as though buying were about to begin in earnest, p. 53.

Besides

TNEC PLAYS ITS ACE in the steel investigation, calls on steel men to justify the prices they have made in previous years, just as the time draws near for the regular quarterly price announcement this year—an announcement which was expected to boost the price, p. 15 . . . What the war and the neutrality act are doing to U. S. shipping, p. 51 . . . Drought settles over the Great Plains again, p. 16 . . . Elliott Roosevelt makes news with his plan for a new national radio network, p. 30.

BUSINESS WEEK • NOV. 18, 1939 • NUMBER 533

(with which is combined the Magazine of Business). Published weekly by McGraw-Hill Publishing Company, Inc., James H. McGraw, Founder, and Honorary Chairman, Publication office, 99-129 North Broadway, Albany, New York. Editorial and executive offices, 330 W. 42nd St., New York, N.Y. James H. McGraw, Jr., President, Howard Ehrlich, Executive Vice-President, Mason Britton, Vice-Chairman, B. R. Putnam, Treasurer, D. C. McGraw, Secretary, J. E. Blackburn, Director of Circulation. \$5.00 per year in U. S. A., possessions and Canada; \$7.50 per year in all other foreign countries; 20c per copy. Entered as second class at the Post Office at Albany, N.Y., under the Act of March 3, 1879. Printed by the McGraw-Hill Publishing Company, Inc.

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**"ALL RIGHT...
LET'S GET PERSONAL**

... I SAY IT'S THE HUMAN TOUCH THAT SELLS!"

You demand it in your salesmen . . . why not in a magazine?

I know *one* magazine in which Editor and Advertiser join forces around that human urge. They both agree that readers like best the features and fiction that are angled through *people* . . . that have the *personal touch*!

Human as a hand clasp . . . timely as tomorrow . . . it's no wonder The American Magazine rates number one with so many up-and-coming folks who want to get around . . . to *see* and *go* and *do*. People whose pulses are quickened . . . whose purses are opened . . . by this magazine's human appeal!

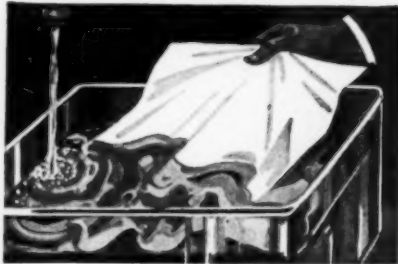
Every four weeks these people express their opinion of The American Magazine by spending five nickels each for 2,200,000 copies. That

tells you buyers of advertising plenty about how *much* they want it . . . how *thoroughly* they read it . . . tells you even more about the state of their budgets and their ability to buy. For quick, traceable results . . . add them to your audience!

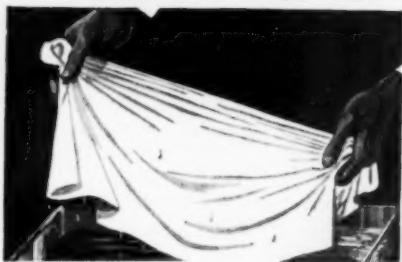


*Patapar Vegetable Parchment

Reg. U. S. Pat. Off. & Foreign Countries



is strong when wet



Yes, you can douse Patapar in water and still it will come out strong and sturdy. Its wet-strength is positively amazing!

Grease-resisting, too

Patapar also resists the penetration of grease, fat, and oily substances.

Strong when wet — grease-resisting, too... that double feature makes Patapar the ideal paper for packaging and protecting many different kinds of products. Here are just a few of them!

Butter	Ice Cream
Meats	Milk
Fish	Poultry
Cheese	Asparagus
Ham	Celery
Bacon	Roses
Sausage	Soap
Tamales	Spark Plugs

BUSINESS MEN: Perhaps you have a problem that calls for a paper that will resist both moisture and grease. Tell us the details and we will send samples of Patapar and full information. Patapar is made in many sizes, weights, and finishes—sheets and rolls. It can be printed beautifully.



Paterson Parchment Paper Company
Bristol, Pennsylvania
West Coast Plant: 340 Bryant St., San Francisco
Branch Offices: New York, Chicago
Headquarters for Vegetable Parchment since 1885

NEW BUSINESS

Sales Strut

THE FIRST of a series of state contests to discover the country's handsomest ice man has been held in Chicago by the National Association of Ice Industries. The winner was given a pair of silver ice tongs and may get a trip to Hollywood—if he wins the national run-off.

Characters from Walt Disney's new full-length cartoon, "Pinocchio," which will be released at Christmas-time, have been licensed to about 75 manufacturers to sell candy, toys, glassware. Kay Kamen, Ltd., a commercial representative for Disney for the past seven years, is the licensor. Advertising rights for Paramount's "Gulliver's Travels," which will also be released at Christmas, have been sold to around 70 manufacturers by Paramount's own licensing department. The Photoplay Royalty Department of Metro-Goldwyn-Mayer has booked about 25 firms so far for licenses to characters in "Gone With the Wind," which will be released Dec. 15. M-G-M's licensing department is also still selling rights to characters from "The Wizard of Oz"—between 35 and 40 companies have obtained advertising franchises.

What's New?

A DIESEL-ELECTRIC locomotive, designed for freight service, is being built by Electro-Motive Corp. as a "bold challenge in the field where the steam locomotive is in its most favored position." The new engine, which develops 5,400 hp. at the crankshaft, is expected to be ready for experimental service next month.

Not new, but odd is a Japanese hand-warmer that Abercrombie and Fitch has been selling for the last three or four years. The device looks like a cigarette case, but is somewhat smaller. It contains an asbestos product that glows when saturated with lighter fluid and lit. The metal case fits into a velvet slip and can then be clutched between frigid fingers. Once it is lighted it can't be stopped until all the fluid is gone.

Home delivered editions of the Houston Chronicle are wrapped in a waterproof jacket called the "Newscover." Newspaper Service Corp. introduced the idea, sells space on the cover to advertisers.

Sliced butter (60 pats to the pound carton) has been introduced to the Minneapolis market by Land O'Lakes Creameries, Inc.

Add Sales Strut

IN TWO STORES, one in Washington, D. C., one in New York City, Thom McAn Shoe Co., Inc., is experimenting with concert music as an aid to selling. While officials have not yet decided whether

music actually helps make sales or not, it has been noted that it has a relaxing effect on both customers and sales staff. Macy's department store, New York, has a special display for shoes. Customer presses a button which starts a phonograph record in the stockroom. Record praises the shoes, finally asks for the customer's size and color choice. A stock boy brings out the shoes, accompanied by a salesman who fits them.

St. Louis Park movie theater (near Minneapolis) shuttles motorists from parking lot to theater in a Crosley automobile driven by a personable young woman.

Adhibitions

BORN of those elusive birds, good public relations and good labor relations, were flushed in Chicago this week by Commonwealth Edison Co.'s "Employees' Hobby Round-Up." Admission was free to see coin and stamp collections, model trains, wood and textile craftsmanship.

The 15th New England Conference will be held in Boston Nov. 23 and 24. Purposes of the conference: "To promote coordination of efforts for the solution of economic problems common to these six states; to advance the economic welfare and prosperity of New England." The effect of the European war on New England industry will be a major discussion problem.

The Akron Chamber of Commerce has just issued a Directory of Manufacturers in Akron, Barberton, Cuyahoga Falls, and suburbs. A copy will be mailed without charge to any bona fide purchasing agent requesting it on his business letterhead.

Add What's New?

ONE FEATURE of Schick Dry Shave, Inc.'s \$100,000 Christmas advertising drive is the "Whisk-it," a gadget which is attached to electric shavers and catches whiskers clippings.

Our Times

PUBLIC UTILITIES COMPANIES in Wisconsin have agreed to aid one another in making emergency repairs after a disaster. Plan is expected to be working in time for cooperative repairs of any sleet storm damages this winter.

Within 30 days all planes of Northwest Airlines, St. Paul, will be equipped with oxygen masks for passengers. Type purchased was developed by three Mayo Clinic medical researchers and exhibited at the recent Aero-Medical Association convention in Hollywood, Fla. The mask is intended for hospital use, too, and is said to reduce the cost for oxygen treatment from \$25 a day to four or five dollars.

WASHINGTON BULLETIN

WASHINGTON (Business Week Bureau)

Next session's law-making probably won't embody much that the investigations of the Temporary National Economic Committee might suggest for repairing the nation's economy. The monopoly committee's findings are likely to furnish much ammunition for the campaign, but when it comes to legislation—well, Congress doesn't hanker to "stir up the animals" in an election year. Its most fervent hope now is that business will be as good or better when the campaign hits its stride and it doesn't want to do anything to disturb that prospect.

War Curbs Law-Making

EUROPE'S WAR also has impressed on Congress the fact that industry is the vital line of defense. Consequently, you don't have to look for business-bruising legislation such as tightening of the anti-trust laws, curtailing of patent protection, or extending of government control over natural resource industries, possibly excepting what is necessary to increase naval oil reserves.

So long as Congress is convinced that industry's best preparedness lies in leaving business pretty much alone, the New Deal won't be able to fan up much enthusiasm for extending the long arm of the law—barring of course, our entry into the war and drastic measures essential to actual mobilization of industry.

TNEC Effect Is Felt

THE FULL IMPACT of TNEC's probing will be felt only if a New Deal Administration is continued in office a year hence, but don't discount its influence entirely. Already, the Administration claims that the impact of the monopoly inquiry is becoming increasingly evident in the policies of industrial management.

TNEC, which expires next February, is planning to put plenty of punch into its wind-up.

It will have another go at the insurance business late this month before it opens up on the general price situation Dec. 4 and starts scrutinizing numerous commodity lines. SEC's long overhanging probe of investment banking practices will be staged about Dec. 11, and in January TNEC will try to find out to what extent concurrence by certain domestic industries in foreign cartel operations has limited exports from this country.

Fly the Irish Flag?

AMERICAN SHIPS may fly the flag of Ireland if a straight tip relayed via F.D.R.'s

press conference results in action. Turning thumbs down on any transfers to the flag of an American republic (so our Pan-American neutrality will be consistent), Roosevelt says no such serious objection would lie against transfer of registry to neutral Ireland.

Question: Would shipments to Ireland be subject to contraband inspection by Britain? Belgium was in on the play a week before the Irish proposal, offering to buy the Black Diamond Line boats. Roosevelt sympathizes with Belgium and the other little neutrals, but it was to the Irish he threw the ball.

Dawdle on Tax Revision

THE TAX SUBCOMMITTEE of the House Ways and Means Committee will not meet again until January to study suggestions for revenue act changes gathered by the Treasury Department from business men and industrialists.

Chances for any tax revision in 1940 are no better than 50-50. The Treasury plans, however, to publish before Jan.

More Security



International

Sponsor of the New Deal's most important reform legislation—the Labor Relations Act, public housing, and Social Security, New York's Sen. Robert F. Wagner this week gave an impromptu push to an old-age annuity plan for folks not covered by the compulsory system. He proposes government annuities up to \$1,200 for anybody who wants to buy them. Though Wagner's not ready to talk turkey yet, his proposal has White House support in principle, and it's a likely bet Congress will vote for it if given a chance next session.

1 a summary of the suggestions gathered by Under-Secretary Hanes from nearly 300 personal interviews and more than 1,000 written communications.

Administration officials are divided on the advisability of tackling further tax revision next year. Members of Congress dealing with the subject fear that any attempt at revision might get out of hand in an election year and end up in the enactment of a "war profits" tax.

To Spread Arms Business

BOTH ARMY AND NAVY will try next session to get more latitude in awarding contracts. They want authority to negotiate contracts "on fair and reasonable terms" without competitive bidding when in the discretion of the respective secretary of the department such action is "in the interest of national defense." The bill which Rep. Vinson will introduce in January authorizing a larger Navy will deal with this and also repeal the present requirement that ship construction be divided equally between navy yards and private yards.

The Navy Skans the Skies

THE NAVY CLINGS to its firm faith in floating steel as a basic weapon, but strong rumors drift around that the pattern of naval warfare may have to be overhauled with an eye to overhead bombing. Naval tradition is slow to change but Acting Sec. Edison is a forward-looker *extraordinaire*.

The Vinson bill provides for a 25% expansion of the fleet along conventional lines but the door was left open for necessary revision. The President can change the categories of construction at his discretion. Construction of two new cruisers is being held up pending review of their designs.

Contractors' Hesitancy

THOUGH EFFECTS of war on United States economy do not look like they did last August, hesitation of contractors to make long-term commitments is proving every bit the headache expected.

In the case of one big job—on which it proved impossible to get satisfactory bids—the low bidder, contracting officers, and government legal lights are now in a huddle trying to work out a system whereby the government can assume some of the risks and the contractor can scale down his contingency items. Federal contracting agencies are watching with interest; if the plan works it will set a far-reaching precedent.

Pig Tin for War Stockpile

UNCLE SAM bought 1,120,000 lbs. of pig tin on Monday, asked for more bids the



Superior TO WRAPPING MATERIAL FROM ABROAD

Available for PROMPT DELIVERY ... Made in the U.S.A.

Whether you are a producer of steel or silk — or operate a department store ... whether you ship rugs, bolts of materials or fabricate a product that requires additional strength ... if your problem is that of better wrapping or packaging, check the many advantages of FIBREEN.

Superior to burlap, jute or other imported material, Fibreen is made in the U. S. A. It is economical—involves no price troubles and no uncertain deliveries.



- Strength
- Clean, Kraft Surfaces
- Easy to Apply

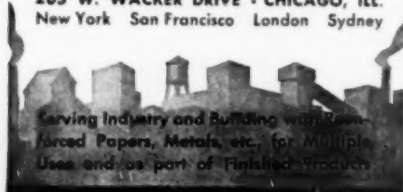
No Other Wrapping Material Has All These Advantages

- Waterproof
- Keeps out Dust and Dirt
- Eliminates concealed Damage

Liberal Sample for Trial or Testing

A generous sheet or roll of Fibreen will be sent on request for trial or testing in any use you have in mind. Write and describe your problem.

The SISALKRAFT Co.
(Industrial Division)
205 W. WACKER DRIVE • CHICAGO, ILL.
New York San Francisco London Sydney



Serving Industry and Building with Reinforced Papers, Metals, etc., for Multiple Uses and as part of Finished Products

same day. The purchase was made from the low bidder on offerings opened Nov. 6, when all were afraid to take on long-term commitments. The government hopes that a larger amount of the highest grade tin can be got at prices not too much above the 47.74¢ per lb. paid for the first lot.

About four times the present purchase of the higher grade metal might be put into the war stockpile immediately, if obtainable.

Fight Over Oil Reserves

CALIFORNIA'S NEXT MOVE to protect her tide-covered oil lands (page 22) from being taken over by the federal government as naval reserves will be a "rear-guard action." Rep. Harry Sheppard of Los Angeles is drafting a bill for federal acquisition of reserves readily accessible on Gulf and Atlantic coasts.

At present, virtually all naval reserves are on the Pacific. Since Texas and Louisiana have tide-covered oil lands, this action will align them with California in the battle.

Oil lands, closely tied in with "national defense" needs, are sure to be a live issue next session.

Southerners Looking to 1944

CACTUS JACK GARNER is still out in front for the Democratic nomination—if Roosevelt doesn't decide to go after it. But there are beginning to be rumblings. Some Southerners are saying that 1940 is in the bag, that what they really need is a man who can be reelected in 1944, when the going may not be so easy. This operates against Garner because of his age, helps Wheeler and McNutt.

Compromise Candidate

BURT WHEELER is GUNNING for the Democratic nomination with all his strength but he will make no announcement. The Senator's hopes are based on the compromise idea, the theory being he is a New Dealer except on the Supreme Court issue.

Wheeler boosters figure F.D.R. might forgive Wheeler his one defection. They also figure the Southern conservatives would be so glad to get rid of Roosevelt that they would overlook Wheeler's radical proclivities, especially since they are still grateful to him for his aid in the court fight.

Reclamation for the South

DIXIE POLITICIANS are pushing for extension to the South of the land-reclaiming operations which the Bureau of Reclamation now performs only in the West.

The bureau is receptive to the general idea, involving principally, drainage projects in the South, although it objected last session to hastily drawn legislation along this line. The proposal is due to come up again and a good deal

Define Costs for R-P Law

WASHINGTON (Business Week Bureau) — Despite efforts at secrecy, news has leaked out that the Federal Trade Commission's long projected inquiry into cost accounting practices is under way. Basically, this is an attempt to ease administration of the Robinson-Patman Act.

The inquiry was formally ordered by FTC on Aug. 9, but it had been talked about for two years.

Difficulties in the Standard Brands (BW—Jun 24 '39, p. 33) and other Robinson-Patman Act cases involving price discrimination are believed to have inspired the commission's action. The act permits price differences due to differences in costs of manufacture, sale, or delivery. Figuring these variations has become an almost insurmountable obstacle in each case.

of pork-barrel support can be counted on. Western irrigation projects are a fruitful field for federal planners, and something similar in the South would offer another line of attack on single-cropping and tenancy.

Another TVA Republican

J. WILL TAYLOR, veteran Tennessee Congressman who died at La Follette, Tenn., will be replaced by another Republican, Tennessee leaders agree, and by a Republican who will fight for continued TVA spending.

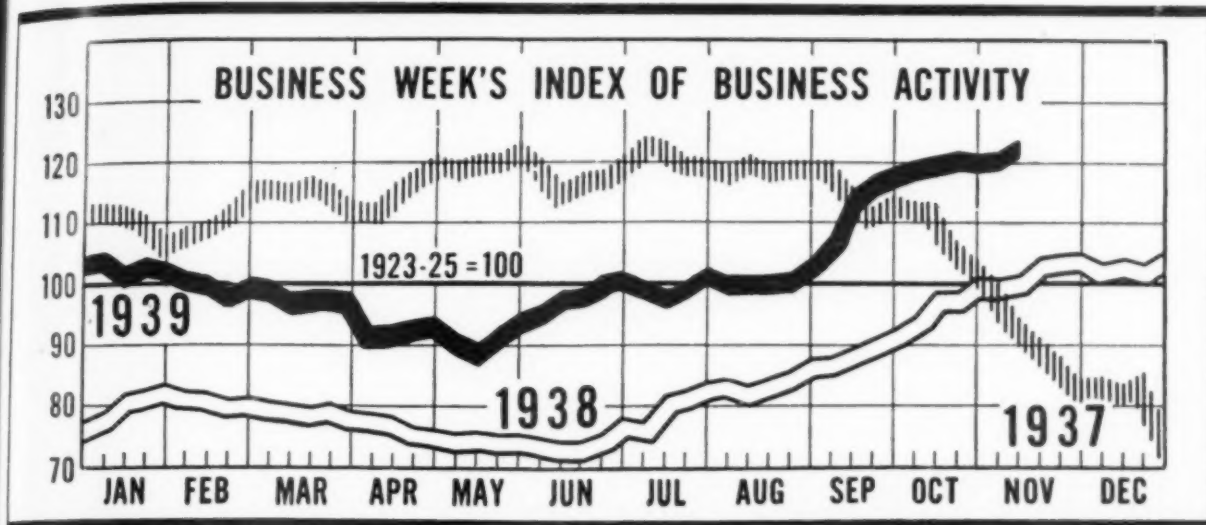
"Anything else in the Tennessee mountains is unthinkable," one Tennessee member observed. "They vote Republican from heredity, and they vote for TVA for its payrolls."

Fair Trade and the FTC

A LOUD HOOT from the Federal Trade Commission is sure to greet the latest brainchild of the druggists, liquor retailers, and the other defenders of the fair trade law system of resale price maintenance.

Since not all manufacturers, even in the drug industry, will play ball with the fair trade boys by stabilizing prices on their goods, the price control advocates have thought they might get the FTC to help force the issuance of fair trade contracts. Their argument rests on the allegation that such non-cooperating producers enjoy an unfair advantage in their competition with those who do price-fix their goods. Their scheme is to force the issuance of resale price agreements by incorporating such a requirement in fair practice codes submitted to the FTC. Theoretically, the requirement would become effective when approved by a majority vote of the industry.

THE FIGURES OF THE WEEK



	Latest Week	Preceding Week	Month Ago	6 Months Ago	Year Ago
THE INDEX	*123.6	†122.1	121.1	90.6	101.5
PRODUCTION					
*Steel Ingot Operations (% of capacity).....	93.5	92.5	90.3	45.4	62.6
*Automobile Production.....	86,200	82,690	75,660	72,375	86,300
*Residential Building Contracts (F. W. Dodge, 4-week daily average in thousands).....	\$4,721	\$5,272	\$5,303	\$4,385	\$4,438
*Engineering Construction Awards (Eng. News-Rec. 4-week daily av. in thousands).....	\$11,492	\$10,188	\$9,753	\$9,582	\$9,595
*Electric Power Output (million kilowatt-hours).....	2,514	2,537	2,495	2,171	2,209
Crude Oil (daily average, 1,000 bbls.).....	3,797	3,501	3,714	3,403	3,243
Bituminous Coal (daily average, 1,000 tons).....	1,710	1,738	1,692	459	1,353
TRADE					
*Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars).....	80	83	82	69	71
*All Other Carloadings (daily average, 1,000 cars).....	54	56	57	27	41
Check Payments (outside N. Y. City, millions).....	\$4,106	\$4,637	\$3,983	\$3,830	\$3,522
Money in Circulation (Wednesday series, millions).....	\$7,409	\$7,352	\$7,346	\$6,904	\$6,764
Department Store Sales (change from same week of preceding year).....	+13%	+5%	+11%	-3%	-8%
PRICES (Average for the week)					
Spot Commodity Index (Moody's, Dec. 31, 1931=100).....	162.0	163.2	168.0	144.0	145.0
Iron and Steel Composite (Steel, ton).....	\$37.53	\$37.62	\$37.62	\$35.72	\$36.29
Scrap Steel Composite (Iron Age, ton).....	\$19.83	\$20.63	\$21.00	\$14.08	\$14.88
Copper (electrolytic, Connecticut Valley, lb.).....	12.500¢	12.500¢	12.500¢	10.000¢	11.250¢
Wheat (No. 2, hard winter, Kansas City, bu.).....	\$0.87	\$0.85	\$0.82	\$0.75	\$0.64
Sugar (raw, delivered New York, lb.).....	3.03¢	2.99¢	3.55¢	2.94¢	3.05¢
†Cotton (middling ½", ten designated markets, lb.).....	9.22¢	8.88¢	8.80¢	9.11¢	8.70¢
Wool Tops (New York, lb.).....	\$1.135	\$1.148	\$1.210	\$0.863	\$0.853
Rubber (ribbed smoked sheets, New York, lb.).....	20.45¢	20.49¢	20.36¢	15.99¢	16.74¢
FINANCE					
Corporate Bond Yield (Standard Statistics, 45 issues).....	5.66%	5.65%	5.69%	5.72%	5.69%
U. S. Bond Yield (average of all issues due or callable after twelve years).....	2.51%	2.52%	2.66%	2.17%	2.48%
U. S. Treasury 3-to-5 year Note Yield.....	0.68%	0.69%	0.86%	0.45%	0.71%
Call Loans Renewal Rate, N. Y. Stock Exchange (daily average).....	1.00%	1.00%	1.00%	1.00%	1.00%
Prime Commercial Paper, 4-to-6 months, N. Y. City (prevailing rate).....	%-¾%	%-¾%	%-¾%	¾%-1%	%-¾%
Business Failures (Dun & Bradstreet, number).....	220	221	179	276	208
BANKING (Millions of dollars)					
Demand Deposits Adjusted, reporting member banks.....	18,660	18,556	18,451	16,710	15,711
Total Loans and Investments, reporting member banks.....	22,835	22,728	22,568	21,719	21,364
Commercial and Agricultural Loans, reporting member banks.....	4,330	4,310	4,288	3,852	3,697
Securities Loans, reporting member banks.....	1,094	1,115	1,034	1,290	1,287
U. S. Gov't and Gov't Guaranteed Obligations Held, reporting member banks..	10,970	10,910	10,799	10,344	9,820
Other Securities Held, reporting member banks.....	3,344	3,291	3,361	3,290	3,217
Excess Reserves, all member banks (Wednesday series).....	5,350	5,380	5,399	4,186	3,132
Total Federal Reserve Credit Outstanding (Wednesday series).....	2,721	2,765	2,610	2,575	2,569
STOCK MARKET (Average for the week)					
50 Industrials, Price Index (Standard Statistics).....	122.9	125.0	125.2	107.7	132.8
20 Railroads, Price Index (Standard Statistics).....	33.4	34.1	34.8	26.6	33.1
20 Utilities, Price Index (Standard Statistics).....	69.1	69.7	68.5	65.0	68.2
90 Stocks, Price Index (Standard Statistics).....	100.5	102.1	102.1	88.4	106.8
Volume of Trading, N. Y. Stock Exchange (daily average, 1,000 shares).....	871	†1,427	1,048	435	1,799

* Factor in Business Week Index. * Preliminary, week ended Nov. 11th. † Revised. ‡ New series. § Date for "Latest Week" on each series on request.



Our Debt to Old Bohemia

"MY grandfather would have got a big kick out of this!" Frank Cermak ran a caressing finger along a transformer insulator, ready for the kiln. "He was a skilled pottery maker in Bohemia—turned out beautiful urns and vases. But he never tackled a job like this. It's about the biggest we've done."

Frank Cermak, head of the G-E Porcelain Department, isn't afraid of big jobs. His family have been skilled porcelain craftsmen for generations. His father, back in 1891, organized the department that Frank now manages. And Frank's son, too, is following the family tradition.

Ancient skills, passed on from father to son for

generations, still play a part in modern industry. Porcelain craftsmen, for instance, produce insulators which make possible the transmission of electricity from the powerhouse to homes and factories, where it serves you in a thousand different ways.

In General Electric are hundreds of men who, like Frank Cermak, are applying their special skills to the task of making electricity more useful and less expensive. These experts—scientists, engineers, skilled workmen—are helping to provide you with the comforts and conveniences that electricity makes possible. They, too, are devoting their lives to the creation of More Goods for More People at Less Cost.

G-E research and engineering have saved the public from ten to one hundred dollars for every dollar they have earned for General Electric

GENERAL  ELECTRIC

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BUSINESS WEEK

November 18, 1939

THE BUSINESS OUTLOOK

News and statistics are better than business sentiment. Spending of increased purchasing power can be counted on as a sustaining factor during expected downturn. Steel key to immediate future.

AGAIN THIS WEEK the news and the statistics were better than business sentiment. There were more announcements of extra or renewed dividends, including the first disbursement by Goodrich since September, 1937; there were additional corporate earnings reports to add dollars-and-cents confirmation to the recovery thus far; there was continued evidence that retail buying during this month had been coming along with a rush.

"Decline Around the Corner"

And BUSINESS WEEK's Index moved up another notch. Despite the Chrysler shut-down, General Motors, Ford and other manufacturers boosted auto output sufficiently to record a gain; steel ingot operations continued their steady advance; and *Engineering-News Record's* compilation of heavy construction awards rose smartly. So with that dossier, it was to be expected that stocks and the general business man's attitude might liven up a bit. But there was an almost unanimous

opinion everywhere that there's no use getting excited about high levels of industrial activity now, when a decline's just around the corner.

It can be said that this recovery has a unique attribute—there are so many people who don't believe in it. At luncheon tables in business men's clubs, the question comes up, "When is the decline coming, and how long will it last?" Nobody seems to offer any brief at all for a continuance of the present pace of activity much beyond the first of the year. Indeed, even foreign publications discuss a downturn in American business as if it were a "shunless destiny."

The Steel Situation

Key to the future is steel, where operations are at historically high levels. Because of fear of a possible price increase next year and because concession prices granted last spring apply only to this year's deliveries, there is an urgent demand by consumers for prompt ship-

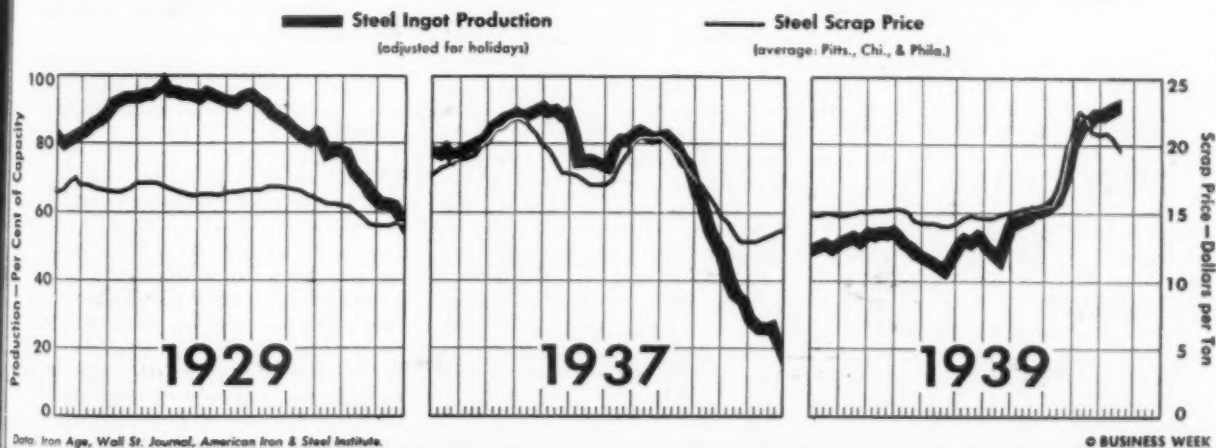
ments. Which accounts for the high operating rate now. But it is estimated that about one-sixth of the steel now being produced is going into inventories of jobbers or ultimate users, which suggests that next year after the price pressure is off, orders will slump along with the operating rate. But industrial activity has not yet started down, even though it would seem that business men ought to be anticipating the decline, by reducing or even canceling orders.

A big drop in consumption never synchronizes with a slump in production. The purchasing power built up by the expansion in payrolls the last few months will be a persistent and sustaining factor during the weeks of declining steel (and possibly textile) production early next year. In addition, Chrysler's resumption of full-scale operations should be a levitating influence on business.

And it is not wise to put out of consideration the direct effects of possible war orders to come and the indirect effects of the expansion in production and consumption we have had thus far. A derived demand has been built up for housing and new factories, particularly in such bottlenecks as machine tool or aviation production centers.

This derived demand, which develops

IN THE OUTLOOK—STEEL PRODUCTION AND PRICES



Even if the TNEC were not focusing its attention on the price of steel (page 16), that would be a timely topic right now. For steel buyers are wondering what they'll have to pay for steel next quarter. Like all price arguments, this one has two sides. The industry asserts that its costs (of which steel scrap is a good indicator) are higher than in either 1929 or 1937. And it can also argue

that it is turning out the greatest amount of steel in history (for though the steel rate is not up to the '29 high, producing capacity is 14% greater). But the steel buyer can answer that just leaving posted prices where they are would mean an automatic price boost—because so much of the finished steel now being shipped is at last spring's concession prices.

© BUSINESS WEEK

for consumers' durable goods when consumer incomes rapidly expand and for producers' goods when manufacturing operations approach capacity, is a continuing influence on our economy at this time. Already, the increase in private construction contracts awarded provides evidence that it is at work, and it is inevitable that consumer purchases of

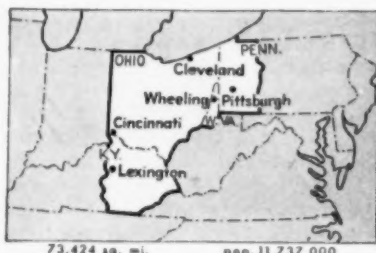
durable goods will expand in the months to come.

However, it is still a question whether domestic consumption, alone, will be sufficient to sustain present production levels; it is still a question whether an increase in exports is not essential.

And yet, even if a downturn is the country's "shunless destiny" next year,

it is still too early to conclude that business will be bad when it comes. Remember that we are now running along at levels as high as in 1937 and close to 1929. A 10% drop in industrial activity would still leave production 10% higher than in the first nine months of this year—and all things considered, they were not a bad nine months.

The Regional Business Outlook



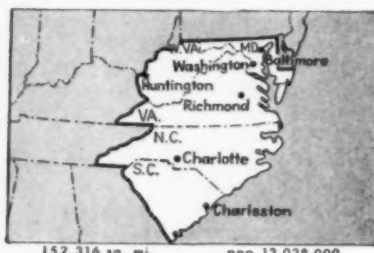
CLEVELAND—There is a severe shortage of technical men, especially civil engineers, in this Reserve district, and this more or less typifies the continued high rate of industrial activity here. One company, for instance, is scouting about for several dozen men skilled in structural work, while there are ready markets for engineers and technicians experienced in designing machinery and hydraulic controls and drives. Several projects for plant expansion have been delayed or put off indefinitely for lack of technicians.

Steel still is the industrial bellwether for the area. Though there has been some tapering off in ingot production lately at Youngstown, Wheeling, Cincinnati, and this city, the Pittsburgh rate, where United States Steel dominates operations, reached another new high this week. That's customary. When the durable goods production curve starts up, United States Steel invariably is a slow starter, but a fast finisher.

Steel Consumption Lags

Backlogs of steel companies assure continuance of operations around 90% for another month or so. But consumption has not been coming up to the production rate, and there would be no surprise around here if output dropped fairly sharply after the turn of the year. That, incidentally, probably would depress coal mining operations in the district.

Meanwhile, however, retail trade reflects the unusually high levels of employment and payrolls throughout this area, and many companies are considering or actually starting new plant additions. Utilities are hard-put by the steady rise in demand, and are adding to generating capacity.



RICHMOND—Despite the fact that this area's basic manufacturing industry—textiles—is operating at close to capacity and not expanding, state agencies report that applications for unemployment compensation claims have been declining. Mining is taking up where the upsurge in cotton and rayon left off.

A new manganese mine has been opened in MacDowell County, North Carolina, and there are numerous investigations of copper, zinc, lead and other deposits throughout the state. Notwithstanding the shutdown by strike in April and part of May, bituminous production in the Virginias will run 15% ahead of 1938, but will not reach 1937's high. Demand comes not only from overseas (*BW*—Oct 21 '39, p. 14), but also from Midwestern, Great Lakes and New England consumers, and Hampton Roads continues as one of the busiest shipping spots in the United States.

Mercantile operations, both wholesale and retail, are going strong. Cotton income has held up well and the entry of the Commodity Credit Corp. into the tobacco markets not only provided farmers with ready cash but also helped the price. As a result, 1939 agricultural income this year is likely to come up to last year's, and with tobacco growers coming under AAA quota controls, optimism runs high for 1940.

Maintenance of present good business in this Reserve district over the next few months depends on whether textile production holds up, but over the longer-term Johns-Manville's new insulating board plant at Jarratt, Va., (*BW*—Oct 28 '39, p. 37) is bullish, bringing as it does industrialization to a wooded, rural region.



TWIN CITIES—Winter quiescence is settling down upon this sprawling economic region. Particularly is this true in Duluth and the Iron Range towns where, after hitting the second best record since 1926, ore shipments are due to end with the Great Lakes shipping season soon. This section will not hibernate, however. Duluth steel furnaces will keep firing. Stripping operations to recover iron ore will continue. And repairs to machinery and equipment will be made, as an aftermath of the sudden spurt in production this fall. In addition, copper mining around Helena and Butte and in the upper peninsula of Michigan is still extending its September recovery.

Although growing conditions could be better, farmers aren't complaining. Parts of southeastern South Dakota planted to winter wheat are now suffering from the drought, and unless sufficient subsoil moisture is built up over the winter, crops generally will suffer.

Pigs Go to Market

Heavy runs of hogs are taking place and will continue for another month—to South St. Paul, Sioux Falls, Austin and Fargo, in which latter two cities Hormel and Lea plants operate. Hog prices have slipped substantially from their high of \$9 in September, but the spring pig crop this year is 28% larger than last. In central Minnesota and southeast North Dakota, farmers are realizing on this year's turkey crop. The birds this year are greater in number, but lower in price.

It is noteworthy, incidentally, that retailers are conservative. They look forward to a good Christmas business, but are not anxious to build up large inventories.

The Regional Outlook surveys each week three of the twelve business areas of the country.

TNEC Turns Heat on Steel Prices

Monopoly committee states its case against boost in first-quarter quotation, fears increase might touch off general price increases, repeat 1937 fiasco.

WHAT WILL THE STEEL INDUSTRY do about first quarter prices?

It was around that question that the Temporary National Economic Committee's investigation of the steel industry was focused for the past two weeks. The nearest thing to a commitment that the monopoly committee extracted from any of the steel officials who testified was the flat declaration by Charles R. Hook, president of the American Rolling Mill Co., that sheet and strip prices should be advanced to offset increasing raw material costs. The bulk of Arco's output consists of flat-rolled products.

Benjamin F. Fairless, president of United States Steel Corp., refused to make any statement in respect to first quarter prices, but under prodding from New Deal economist Leon Henderson, who represented the Securities and Exchange Commission on the committee, he pointed out that the 1937 price was based on 70% rate of operation, was maintained while business rose to 80% of capacity, and then was cut with the falling off of demand in the recession. The new first quarter price, Mr. Fairless said, would have to be based on a 90% operating rate. And this left the committee with two alternative inferences:

1. That with demand forcing the industry to operate at levels close to the highest in history (and with output actually the greatest in history), as indicated in the chart on page 13, the way to check the feverish buying was to raise prices.

2. That with operations up to 90%, obviously the cost of producing a ton of steel was low; and therefore there was no basis for boosting the posted prices.

Immediate Issue Is Plain

Ostensibly, of course, the inquiry was addressed to the larger problem of determining how steel prices are made and of measuring their responsiveness to normal, competitive conditions, but no one at either end of the witness table was in doubt about the real, immediate issue at stake. An awareness of this was clearly evident in the speech delivered last month before the American Institute of Steel Construction by Ernest T. Weir, president of the National Steel Co. and of the American Iron and Steel Institute. Denouncing efforts of President Roosevelt's "economic advisers" to curb steel price advances, Mr. Weir

argued that it was time for management so to price its goods that it would no longer fail in its "principal duty" to make profits for stockholders.

In oblique rejoinder to the Weir philosophy, Assistant Attorney General Thurman Arnold, early in the inquiry, complimented the industry on its confirmation of third-quarter prices for the balance of the year, and expressed the hope that "the patriotic spirit which prompted that decision will continue to rule the industry's decisions." From the Administration point of view, the importance of forestalling a sharp increase in steel rests on the conviction that such a boost might touch off a speculative price boom all along the line, despite the defenses which have been erected against a repetition of the 1937 fiasco. This was the first point emphasized by Prof. M. G. deChazeau, steel authority from the University of Virginia, in his comprehensive statement of the case against a steel price increase. He argued (1) that the present

demand for steel was "highly speculative," hence "unstable and likely to bring a future recession;" (2) that "a more favorable operation rate has more than compensated for rising raw material costs; and (3) that maintenance of the present level would tend to reduce speculative buying and improve stability without serious loss of profits.

Always Fair and Reasonable

By way of rejoinder, Mr. Fairless contended that because the steel price was always maintained at fair and reasonable levels, demand was not notably affected by any cut or increase. Specifically, he testified that "... a reduction from a fair price does not stimulate business. . . . Our business, because of its peculiar nature, does not react like some other industries to price reductions. People don't buy steel rails for inventory."

Confronted with a cablegram which U. S. Steel Chairman Edward R. Stettinius, Jr., sent former chairman Myron C. Taylor on June 24, 1938, advising him of price reductions "... with the hope that such reductions will stimulate a demand for steel products . . .", Mr. Fairless said the figures could "speak for themselves" as to whether or not these hopes had been realized.

Mr. Henderson left no stone unturned in his effort to make the record show that a price increase was not justified now. Mr. Fairless admitted that there

Shipyards Rise on Puget Sound



West Coast shipbuilding plants, starved for work since the World War, are humming now with \$47,000,000 in orders from the U. S. Maritime Commission. The Seattle-Tacoma Shipbuilding Corp., awarded a \$10,000,000 contract for construc-

tion of five cargo vessels, is building new yards at Tacoma. The hulls of the ships will be built here, finishing work done in Seattle. Here the base for the crane tracks is being laid alongside the new ways. Actual laying of keels will come in four months.

had been substantial technological developments in flat-rolled lines since 1929, and pointed out that prices on them had been reduced. On other products such as rails, plates, and shapes, he said, there had been no particular improvements in technique, and costs had been increased by taxes, raw material prices, and other factors. Pinned down by Henderson, he contended that prices must be higher than in 1929.

When the hearings were suspended this week, TNEC announced that on their resumption in January, the inquiry would be directed into industry costs and the operation of its basing point system of price control. The Federal Trade Commission will have its big day in the monopoly committee hearings then. The commission has been in close—and perspiring—contact with the basing point system for the past two decades, and has persistently recommended substitution of an f.o.b. mill price system.

Despite the emphasis on the problem of the first-quarter price, the committee made considerable progress in its exploration of the industry's basic pricing formulas. Particularly surprising to committee members was Mr. Fairless's candid admission that the steel companies regularly confer with each other on determining the price of steel "extras"—charges to consumers that average about 10%. On advice of counsel, he deliberately stated that "we talk costs of extras with our competitors." A. H. Feller, special assistant to the Attorney General, indicated that the Department of Justice might differ with Mr. Fairless' counsel on the legal propriety of such conferring.

Glad to Follow Lead

Notable also was the testimony offered by Eugene G. Grace, president of the Bethlehem Steel Corp., to the general effect that the revision of steel base prices in June, 1938 (*BW—Jul 23 '38, p. 29*), was in part occasioned by the fact that actual prices in 1937 and the early part of 1938 had fallen far below the published schedule. "It became," he said, "so apparent that we were not obtaining anything like the published price. . . . that we were very glad to follow the corporation's (United States Steel Corp.) lead in publishing new base prices."

To any suggestion of government regulation the industry doggedly replied that it was better fitted than government to deal with its own problems—even if it didn't know, as Mr. Grace acknowledged, how to reach a permanently sustained level of production. Various suggestions of government "assistance" were also firmly forsworn. For example: in response to Mr. Henderson's inquiry whether a guaranteed volume of government buying might help stabilize the industry, Mr. Grace characterized that business as "really just a flea bite."

Drought Strikes the Plains Again

Serious damage to winter wheat believed inevitable, and prices hold around September–October peak. Subnormal spring-planted crop feared, too.

DIRECT MAIL PIECE being sent out by an engraving firm in drought-stricken Kansas City: a small cardboard box, about the size of a penny match box. Fastened to the box's bottom is a very small bottle of clear liquid. The printed message: "It's been a long time since you have seen any of this stuff—real genuine rain water. This specimen has been especially imported by us and bottled in our own plant."

This is among the few touches of humor in one of the worst fall and winter droughts the Great Plains have ever experienced. Many localities have, in the last few days, had the first rains of consequence in ten to twelve weeks. Yet precipitation has been so scattered and so inadequate that the grip of the drought has barely been loosened.

Chicago Board of Trade experts feel that winter wheat has been so seriously damaged that scarcely 400,000,000 bu. will be harvested next year (the crop was 550,700,000 bu. in 1939, 686,600,000 in 1938, and averaged 560,160,000 from 1929 through 1937). In western Kansas wheat was drilled into dust this fall. Unseasonably high temperatures intensified the lack of moisture. On thousands of acres in South Dakota, Nebraska, Kansas, and Oklahoma germination was retarded, growth has been slow, and the weak plants won't be able to withstand the rigors of the winter.

Actual rainfall figures from the area

affected tell the story about as clearly as possible. Here is the record for the ten weeks ended Nov. 7:

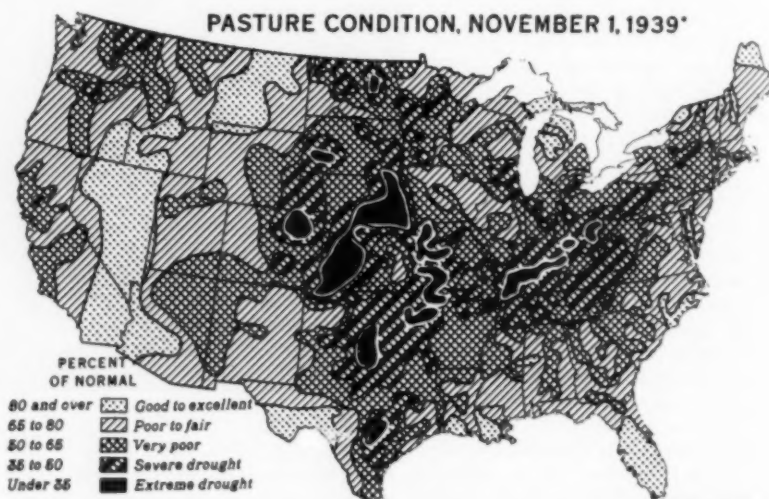
Locality	Normal Rainfall	Actual Rainfall (in inches)	Deficiency
Kansas City.....	8.2	1.4	6.8
Topeka	7.0	1.3	5.7
Dodge City.....	3.5	0.4	3.1
Lincoln	5.3	1.2	4.1
Omaha	5.9	1.4	4.5
Rapid City.....	2.2	1.9	0.3
Huron	3.2	1.3	1.9
Oklahoma City....	6.4	2.5	3.9
Amarillo	4.3	1.5	2.8

There, in a nutshell, is the reason why drought is sharing the news columns with war as a factor in the farm outlook. The war pushed up prices of the United States' major cash crops but they have lost some of their gains. After a brief spurt, it ceased to cause speculative buying of farm lands. The drought, on the other hand, has sustained wheat prices recently around the September–October peak levels. And, unless there is excellent winter precipitation all the way from North Dakota to the Gulf and from Kansas to the Southeastern seaboard, the prospect for spring-planted crops for harvest in 1940 will be distinctly subnormal.

Repercussions on Farm Program

The drought and the war, between them, are capable of changing the whole supply-demand picture for American farm products—livestock as well as crops. And, with any change in the supply-

PASTURE CONDITION, NOVEMBER 1, 1939*



U. S. Dept. of Agriculture

When drought comes in the fall and winter, it hits winter wheat hard. But it also blights pastures, and

farmers have to feed hay stored for freezing, snowy weather. The pasture map (above) is the drought map.

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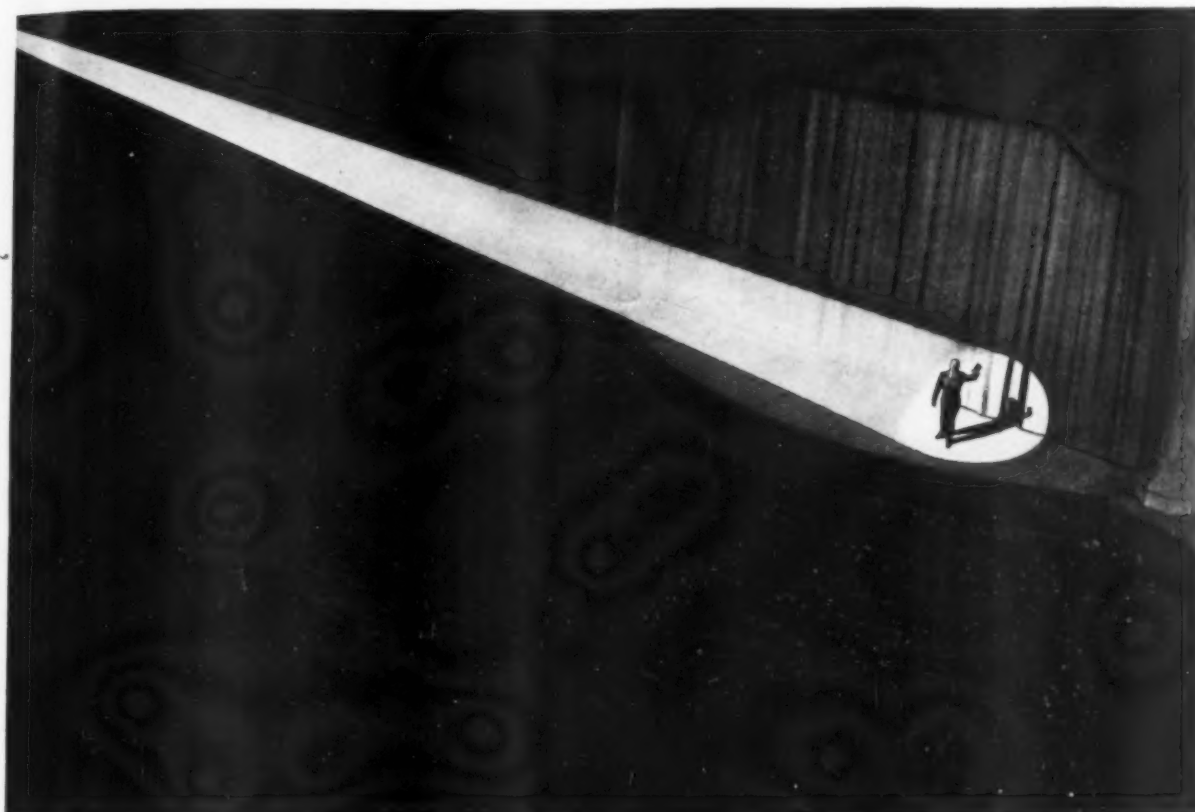
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"Unforeseen events... need not change and shape the course of man's affairs"



IS THERE A DOCTOR IN THE HOUSE?

That urgent cry... often flung over the footlights... need not sound strange in the boiler room of an industrial plant. Because a boiler can suffer an attack of *acute indigestion* just as readily as an actor back-stage.

With a boiler, the *feed water* is usually to blame. That's why the doctor... in this instance, the engineer... pays so much attention to the water that goes into it. For water which is too acid or too alkaline can corrode and scale the metal, causing explosion, financial loss and tragedy.

Unless the water is right, too, boiler operating costs go

up... and life of the boiler is shortened. Scientific testing and treatment of water by Maryland engineers can probably save you enough *to pay the cost of your boiler insurance!*

As part of The Maryland's service to its clients, certified boiler engineers of the Company also inspect boilers and pressure vessels during construction, and check regularly the boilers in industrial plants, public utilities, state and city institutions, apartments and homes. Maryland Casualty Company, Baltimore.

THE MARYLAND

The Maryland writes more than 60 forms of Casualty Insurance and Surety Bonds. Over 10,000 Maryland agents are equipped to help you obtain protection against unforeseen events in business, industry and the home.

demand situation, there would come altered viewpoints on the whole farm program.

Three months ago it was certain that Sec. Wallace would come forward in 1940 with a sharp alteration in his farm program. He espoused a certificate plan for crops grown for the home market. It wasn't too much different from the domestic allotment plan embodied in the Hope-Norbeck bills offered to Congress in 1932. It presented an opportunity to make the farm program pay part of its own way through a new and disguised system of processing taxes. And Washington wondered if Wallace could get the Farm Bureau Federation behind it.

The Plan's Round of Payments

The plan, in brief, is to allot to farmers their proportionate shares in the amount needed for domestic consumption. Then the government pays the farmer the difference between the prospective market price on this allotment and the parity prices. This payment is represented by a certificate, and the flour miller who processes the farmer's wheat or the cotton spinner who spins his cotton has to redeem the certificate (repay the Treasury for the original certificate payment to the farmer).

Presumably this plan would be tied to some mild form of acreage curtailment and to proper soil conservation practices. Cooperating farmers could, however, plant well over their domestic allotments. But on this surplus crop they would have to take their own chances in the export market. Or, perhaps, the excess production might in part be moved into relief channels on the stamp plan.

Not Unmindful of 1940

This new program faced a fight, and its fate naturally was uncertain because details still had not been ironed out 100%. The price-fixers and parity-income advocates were sure to come in with some plans of their own. A Republican bloc was ready to form behind the nebulous cry of "The American market for the American farmer." Foes of the Administration were gunning for the reciprocal trade program and claiming to represent farming interests. The issue, in short, was shaping up for the 1940 presidential campaign.

Now, however, it may be that the Administration will decide that drought and war so complicate the outlook that the best thing is to carry along with the present farm program. In any event, they can foresee higher prices on many crops. That's a better lure for the farm vote than new programs.

And the American farmers, in September, tasted higher prices. Result was the highest farm income (including government payments) for any September since 1929. The month's cash income was \$847,000,000 against \$821,000,000 in 1937, previously the best September since 1929.

San Francisco's Fair in the Balance



Dan E. London, manager of the St. Francis Hotel, heads the drive to re-open San Francisco's Fair in 1940, has already extracted pledges from business men for \$700,000 of the \$1,000,000 necessary to do it. Backed by Leland Cutler, 1939 Fair president,

Mayor Angelo Rossi, and City Administrator Alfred Cleary, London got prompt approval for his reopening plan when he presented it to the Board of Supervisors; but creditors, who hold the bag for over \$4,000,000, are stalling the final decision.

Two Thanksgivings Breed Grief

But retailers are grateful for extra week of pre-Christmas shopping. Airlines, railroads, hotels are among those with troubles.

WITH MOST AMERICANS taking a tip from international affairs and playing it strictly safe across the board, the real victor in the Thanksgiving Day battle this year most probably will be little Johnny who may wave two drumsticks in most families. Father may have to celebrate on "Thanksgiving Day," November 23; older brothers and sisters may have to take college vacations on November 30.

Business in general is in a turmoil over the double date which results from the failure of half the state governors to follow President Roosevelt's lead in advancing the date of Thanksgiving one week. Transportation companies, college football managers, hotel operators, calendar manufacturers, and interstate companies with wage-hour agreements are having difficulties.

But retailers, led by Lew Hahn, president of the National Retail Dry Goods Association, are grateful for the extra week—where they get it—to take care of the Christmas shopping rush and will make a state by state analysis of Christmas business in department stores to see

if they were correct in their assumption that the early date would aid business.

Railroads and airlines, many passing through states which observe either November 23 or November 30 according to their political complexions, will serve turkey on their tables both days. Of that much, the traveler is certain. American Airlines, sure of a winner, is serving traditional turkey dinners on all five Thursdays in November.

Taking No Chances

Like other organizations, the Chicago, Milwaukee, St. Paul and Pacific railroad will observe both days to avoid possible wage difficulties. The road operates in 12 mid-Western states, of which seven are using November 23, and five, November 30.

In Wisconsin, the attorney general has ruled that both the governor's proclamation and the President's proclamation are valid, hence the state has two legal holidays for Thanksgiving. At last reports the road planned to celebrate November 30 in Wisconsin, which may tie up the closing of its general offices in Illinois

on the latter's holiday, November 23. With working agreements guaranteeing extra compensation for work performed on holidays, this same road is afraid that if it pays holiday wages for November 30 only, in Wisconsin, employees might go to the Wisconsin Adjustment Board on the chance that the board might rule in favor of the federally proclaimed day.

In Denver a mix-up gives state and city office workers an especially good break. Colorado's Republican governor has proclaimed the traditional last Thursday as Thanksgiving; Denver's Democratic mayor decreed November 23, in conformity with President Roosevelt. Compromise will close state and municipal buildings on both days.

To bring peace to the football camps of rival universities and colleges, Texas will observe both days, according to proclamation of Gov. W. Lee O'Daniel. One little Texas town, McGregor, has tossed both overboard and has chosen Friday, November 24 to accommodate its big football game.

How the States Line Up

November 23 will be observed by 23 states: California, Delaware, Georgia, Illinois, Indiana, Louisiana, Maryland, Michigan, Missouri, Mississippi, Montana, New Jersey, New York, North Dakota, Ohio, Oregon, Pennsylvania, South Carolina, Utah, Virginia, Washington, West Virginia, Wyoming.

November 30 will be observed by 23 states: Alabama, Arizona, Arkansas, Florida, Idaho, Iowa, Kansas, Kentucky, Minnesota, Nebraska, Nevada, New Mexico, North Carolina, Oklahoma, South Dakota, Tennessee, Wisconsin, Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont.

Despite the even division, it has been pointed out that states celebrating on November 23, including New York, New Jersey, Pennsylvania, Ohio, Illinois, and California, accounted for almost three-fourths of department store sales in 1938.

The calendar industry is acutely affected because the President also indicated that the date would be advanced next year also, and nobody knows what the governors will do. Brown & Bigelow, largest calendar house in the world, will asterisk some of its 1940 calendars, already printed, with footnotes reading "subject to proclamation."

Turkeys Set Record

There's one bird for every four persons this year. Producers acclaim streamlined model.

PRESIDENT ROOSEVELT's double Thanksgiving could not have come at a better time for turkey growers and packers. This is the Year of the Big Hatch. Last year the produce packers thought they



THE *Super-Speed* L C SMITH

TOMORROW'S TYPEWRITER... TODAY. Smart and modern in appearance, complete and efficient in every working detail, sound and strong in design and construction... this new Super-Speed L C Smith is indeed "a secretary's dream come true." Be sure to see it.

Now available for demonstration
by Branch offices and dealers.
New booklet free on request.



L C SMITH & CORONA
TYPEWRITERS INC
DESK 11, 107 ALMOND STREET
SYRACUSE, NEW YORK

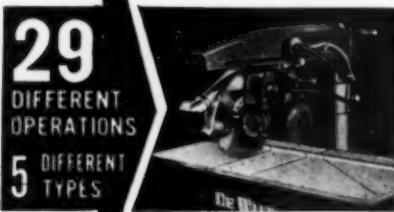
DeWALT

means **SPEED,
ACCURACY
and lower costs**
for—

- 1 Carpenter maintenance
- 2 Pattern and research shops
- 3 Crating and export boxing
- 4 Outside construction
- 5 Woodworking manufacturing

Today's industrial companies demand speed, accuracy and lower costs in all departments! Hundreds of companies—among them General Motors, DuPont, U. S. Steel, Warner & Swazey, Newport News Shipbuilding Co., Wright Aeronautical, Missouri Pacific R. R.—are using from 1 to 150 versatile, "all-purpose" DeWalt Woodworkers. This flexible machine performs 29 different operations—does all your cutting—insures speed, accuracy and reduced costs.

Put DeWalt on your payroll. See how it reduces carpenter maintenance costs. See how its flexibility adapts it for pattern and design shops and research laboratories. Watch it



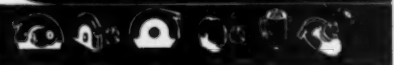
speed up crating and export boxing, and outside construction work. See what it means to actual production, if wood is part of your manufacturing.

Make this investment in one DeWalt. Get the work of many machines. Save the cost of many machines. \$1.00 per day saving returns from 40% to 200%, according to the model selected. Frequently operations are speeded up in the same proportion.

WRITE
FOR FULL
FACTS

DeWALT 64 FOUNTAIN AVE.
LANCASTER, PA.

"Actually a woodworking shop in itself!"



had a whopping lot of turkeys to dress and market, but 1939's crop of 32,000,000 birds is greater by 22% than that of 1938. Even the previous record crop of 1936 has been eclipsed by 15%.

While produce men doubt many more turkeys will be eaten on two Thanksgivings than on one, they do feel that the extra publicity is going to help. Then, too, after Thanksgiving I, growers will be able to ship surpluses to cities observing Thanksgiving II, thus getting a double chance at the market. With the double holiday theme will be stressed (1) the big turkey crop at lowered prices, and (2) new types of smaller "streamlined" birds.

There will be an enormous Thanksgiving-to-Christmas carryover, however, with lower prices expected for the balance of the season. The bulk of the Texas crop, retarded by the worst drought in 25 years (see page 16), will not mature in time even for the late Thanksgiving and will swell Christmas supplies.

Pushed As Meat-Producers

The goal of large-scale turkey producers is a medium-small bird that can be marketed at a price low enough to compete with beef and pork. Today dressed turkeys are quoted at only a few cents higher per pound than fat hens.

Manufacturers of poultry feeds have visions of an almost unlimited demand opening up for their products if such a price level can be attained. Their sales departments are now spreading the gospel among farmers that turkeys are second only to hogs in producing the most meat per pound of feed. This year Purina Mills, St. Louis, has signed up several thousand turkey growers with a feeders' finance plan by which Purina furnishes prepared feed for flocks from poult stage to market time. Growers sign notes bearing 6% interest for each lot of feed, payable when the turkeys are sold. One of the largest feed finance plans on record is Purina's current contract with Utah Cooperative Association, which involves some 300,000 turkeys belonging to members.

East's Share in Output Rises

Although the number of birds from many of the old line turkey states—Texas, for instance—is no greater now than ten years ago, total production for the nation has nearly doubled since then. This is due, primarily, to large-scale producers. This year there is one turkey for every four persons in the United States, which contrasts with a one to seven ratio in 1929. The eastern half of the country raised 47% of this year's total crop in comparison with only 32% from the same area ten years ago. Production in Iowa (included in the eastern half) has jumped to sixteen times what it was in 1929, and New England production has quadrupled.

Except for a few thousand young toms,

Dressing Up Drumsticks

FOR THOSE WHO are addicted to the drumstick, but would like to see it a little easier and less embarrassing to handle, Poultry Tendonizer, Inc., of 1216 14th St., N.W., Washington, D. C., announces a solution—a "poultry tendonizer" which extracts the tough, stringy tendons from the drumsticks of fowl. The sharp hook of the tendonizer is inserted between the main leader and shank of the leg, just below the knee joint, the drumstick is pulled sharply down, and the tendons have been extracted without spoiling the appearance of the bird.

The tendonizer was exhibited at the World Poultry Congress in Cleveland and the Rockingham Turkey Festival, Harrisonburg, Va.

most of the new type turkeys will escape the axe this year. Hens will be placed in egg production next spring to supply hatcheries with streamlined poults, now in great demand. The Oregon broad-breast turkeys, short-legged, smallish birds which will show about a third more white meat than regular breeds of the same weight, are finding favor with middle western growers, who imported trial flocks early this year.

Who Owns Tideland?

Long Beach, Calif., sues for strip containing 3,000 oil wells and big industrial plants.

IN THE DAYS of the California Dons, when land was measured in leagues, owners didn't worry about maps. Owners of one huge rancho along the coastline of California, immediately south of what is now Los Angeles, let pass maps which neglected to extend their property lines a few chains beyond a certain sycamore tree into "worthless salt marshes."

As a result, a whopper of a lawsuit got under way in United States District Court, Los Angeles, last week involving title to Long Beach harbor tidelands. At stake is ownership of 3,000 oil wells (including several of California's richest producers), the harbor of Long Beach with wharves and piers, and land on which many of southern California's largest factories are located, among them the Ford Motor Co. assembly plant, Procter & Gamble's Pacific Coast branch, Southern California Edison's \$40,000,000 steam generating station, and assorted ship-building concerns.

In the trial, which is expected to drag on for a couple of years and eventually land in the United States Supreme Court, will be injected aged documents certifying



VALVES—\$25,400 WORTH

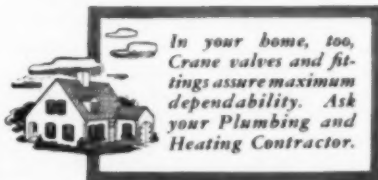
TO CHANGE THIS WHITE LEAD INTO FINISHED PAINT

PAIN**T**, like almost every product you could mention, is in no small measure dependent for its successful manufacture upon valves. From the minute linseed oil gurgles into the storage tank—from the minute white lead is dumped into the mixing mills—valves take over the flow control of each step in the process that will eventually produce a can of paint. Indeed, so important is the part played by valves that a survey by a firm of appraisal engineers made in one plant showed \$25,400 worth of valves in the pipe lines between the raw product and the finished paint.

Valves measured out the oils and dryers—valves controlled their flow into the mills—step by step, throughout each process valves played their silent, important part in the accurate

sorting, proper combining of raw materials that were necessary before the inspector stamped each can with his approval.

Different as the manufacture of paint may be from the goods that you manufacture—all industry has this in common—all depend, to an extent they probably little realize, upon the valves in their piping lines.



VALVES • FITTINGS
PIPE • PLUMBING
HEATING • PUMPS

CRANE

CRANE CO., GENERAL OFFICES: 836 SOUTH MICHIGAN AVENUE, CHICAGO

NATION-WIDE SERVICE THROUGH BRANCHES AND WHOLESALERS IN ALL MARKETS

For valves serve all industry. They permit the production, the distribution, and the economical use of steam, of water, of air and gas. They stand as sentinels against the spread of trouble. They protect against waste. They are among the most faithful of industries' servants.

In the Crane catalog are listed more than 38,000 different valve and piping items—items built to serve the needs of every industry by a company with 84 years of manufacturing experience. In this wide range you will find just the valves that you need for your requirements regardless of what those requirements may be.



YOU'VE seen your dog cover a field with head high and nose a-quiver . . . suddenly from a dead run freeze into a perfect "point" . . . staunch . . . rigid! You couldn't see anything in the stubble in front of him, but you moved up . . . gun ready . . . confident he had game! Confidence too, plays an important part in an efficient transportation service. Every day, thousands of tons of merchandise is sold and delivery promised by shippers and receivers of freight—who have confidence in the dependability of the fast merchandise freight service of the Norfolk and Western Railway . . . shippers and receivers who have learned from experience that merchandise shipped via this railroad—between the Virginia seacoast and the Midwest and between the North and the South—will arrive on time and in good condition. So, the "point" in freight service satisfaction is . . . ship via Norfolk and Western.



NORFOLK AND WESTERN
Railway
PRECISION TRANSPORTATION

ing titles which were the subject of patents in 1867 from the United States government confirming Mexican grants.

The city of Long Beach is plaintiff in an action against the Union Pacific Railroad, the Los Angeles & Salt Lake Railroad and the Southern California Edison Co. Richfield Oil Co. and Pacific Dock Terminal Co. are plaintiffs in two other cases, both directed against Long Beach and seeking to quiet title to the 678 acres involved.

The city claims it owns all the lands in dispute, which were tide and submerged lands, and all lands lying below the line of mean high tide on July 7, 1846, the date of the conquest of Mexico by the United States. It demands an accounting from Richfield for all oil and

gas taken from the area since then.

Long Beach claims sovereignty over soil under tidewaters was reserved to the states and that the federal government merely held these lands temporarily until California was admitted to the union. California transferred title to Long Beach. The United States was merely a trustee (the city avers) and had no right, by patent or otherwise, to transfer the property to private hands.

Present owners claim the patent from the federal government was merely confirmation of a Mexican grant which specifically included the tide lands in dispute. They believe the city has lost its right to question the title by a long series of official acts such as levying taxes and approving subdivision sales.

War Steps Up Textile Tempo

Demand tapers off, but cotton mills still operate near capacity, and rayon and silk supplies are tight. Prices stay in line, but jumps are ahead.

THIS WEEK, the textile industry was still recovering from the onslaught of orders unloosed at the outbreak of war. The peak in commitments had passed, and the industry was wondering whether a new wave of buying would come through to warrant continuing its high rate of activity. It was wondering, too, about inventories, which are increasing but are not yet considered topheavy.

It was quite a boom in buying that hit the textile trades. For example, during September, cotton mills spun at 92.5% of capacity—the highest since May 1937—and idle spindles, of which the industry has plenty, declined to the lowest number since 1923. During October it is estimated that production forged even closer to the industry's theoretical limit. Mills were hard pressed working two shifts a day; some even put three to work. A number of marginal mills again set up shop.

Rayon and woolen mills similarly were affected by the spurt in demand. Demand for silk drew rayon supplies down to two weeks' consumption requirements by the end of September (*BW—Oct 28 '39, p. 52*), to one week's supply by the end of October. Shortages were felt in silk, acetate rayon, cotton ducks (where a heavy industrial demand was noted), blankets and sheetings. This extreme tightness has subsequently subsided.

Though stocks all along the line—in the hands of retailers, jobbers, converters, and cutters—were at low ebb in August, orders to mills came through slowly, because of fears that the outbreak of war would have a depressing effect on business and prices. But suddenly war broke out, the stock market went up, commodities went up even further, and buy-

ing was more active than it had been in many a month. But this week the buying spurt was over, temporarily, mill men hoped. Yet shipments were still going forth at a fast pace and stocks were being enlarged.

Business Sends Them Into Market

When orders descended upon the textile mills, they had to go into the markets and buy. And they bought at a time when raw wool advanced 51% in price, when silk was selling at about double its price last year, when rayon and cotton also were scoring moderate advances. But though mills bought in good volume, not much of their buying was believed done at the peak; hence, only a few of the price increases are expected to show up in the final retail price in the immediate future. Eventually, of course, these higher material costs will be passed along. To them must be added the increased costs of wages, tacked on by the provisions of the wages and hours law, which last month went into effect (see page 40). Thus, by next spring, the International Statistical Bureau looks for retail prices to climb 5% above the corresponding period this year, 7½% from this year's low.

The textile trades have good reason to try to keep retail prices from climbing faster than buying power. For one thing, the federal government is keeping a close tab on the course of prices through the Temporary National Economic Committee (*BW—Nov 11 '39, p. 20*). For another, textile men know that when retail prices and the cost of living advance too sharply, sales and consumption decline, inventories pile up, and production goes into a tailspin. For this latter reason, the

Once they spoke in smoke—



TODAY, THE TELETYPE FLASHES COMMUNICATIONS INSTANTLY, IN WRITING!

Slowly, with Indian patience, men once sent messages in smoke (if the visibility were good). Today, Bell System Teletypewriter Service flashes messages any distance, in any weather, *with typewritten originals and carbons at all connected points, simultaneously recording every word exchanged.*

Like alert salesmen or the latest factory equipment, this modern communication method is important to every business that's progressive. Its record

proves it. Careful application of Teletypewriter Service has helped a large steel company co-ordinate production . . . put a small investment house in a better competitive position . . . improved customer service of packers, textile houses, and thousands of other concerns.

You may need it and not know it. The quickest way to find out is to call a Bell System representative through your nearest telephone office.



BELL SYSTEM TELETYPEWRITER SERVICE

Greater Profits, Greater Business

RISE OUT OF TAX SAVINGS IN MASSACHUSETTS



**FOR IN MASSACHUSETTS MANUFACTURING
CORPORATIONS ENJOY LOWER TAXES THAN
IN ANY OTHER MAJOR INDUSTRIAL STATE**

A tax dollar saved is a dollar profit, and in Massachusetts low taxes create many such earnings.

Here the manufacturing corporation pays no municipal tax upon manufacturing machinery or tangible industrial property and no special taxes for any particular purpose such as schools, public health or similar public activity. The only local tax paid by a manufacturing corporation is that on real estate.

Add these considerations to the many other industrial advantages of Massachusetts (see box) and you will discover why more and more manufacturers are recognizing and taking advantage of the fact that — *it is profitable to produce in Massachusetts!*

This Commission is always available to assist you in any investigation you wish to make concerning available sites and opportunities for locating here.

THE MASSACHUSETTS DEVELOPMENT
AND INDUSTRIAL COMMISSION
State House, Boston, Mass.

MASSACHUSETTS EXCELS IN

- ✓ Low taxes on manufacturing corporations
- ✓ Available skilled labor
- ✓ Proximity to richest markets
- ✓ Available power at reasonable rates
- ✓ Complete network of transportation facilities
- ✓ Cooperative attitude of labor and government

IT'S PROFITABLE TO PRODUCE IN MASSACHUSETTS

Clothing Manufacturers Association of the United States last week determined to prevent a repetition of the 1914-20 experience in men's clothing, when 815 suits went to \$40. Clothing sales, incidentally, are running substantially ahead of last year, with the National Coat & Suit Recovery Board recently reporting output of its "consumer protection" labels at 30% over last year.

This week, textile mills were well into their spring business and fast eating up their backlog of orders. A good industrial demand had been noted, particularly in cotton goods. Export demand, thus far, has been moderate, although a good number of South American inquiries are reported. Our own government has been placing substantial orders, and more are in prospect.

Profits for the industry for the first nine months of the year were nothing to write home about; in fact, many mills expected a deficit for the year. But the wave of buying has changed all that, and a good fourth quarter is expected.

Nylon and Vinyon

Even keener competition for silk is in prospect. Next year, nylon will really get going. The du Pont company reports it has capacity for manufacture of the synthetic yarn sufficient to supply 10% of the silk stocking market. Next year also, American Viscose will be in full production on another silk substitute—a synthetic yarn called vinyon. A. W. Zelom, president of the International Statistical Bureau, looks for an 87% decline in the use of silk in women's slips and a 50% to 60% decline in its use in women's panties.

Silk has been a troublesome baby to manufacturers this year. A smaller crop in Japan and increased Japanese consumption cut exports to America, resulted in tight American supplies for many months. Some trade observers are beginning to suspect that the commodity has been subject to Japanese manipulation, prior to the expiration of our trade treaty with Japan in January. Aside from all this, however, high raw silk prices mean that milady next year will have to pay at least \$1 a pair for branded silk hosiery against the current minimum of 85¢.

A Break For Cotton

Cotton has shown a smart recovery. At the beginning of the crop year, the United States was faced with the biggest cotton carryover on record. The 1939 harvest is expected to yield 11,845,000 bales, and domestic and foreign consumption have gained to the extent that they are expected to take 12,750,000 bales. To handle this consumption, the federal government would have to release some of the 10,000,000 bales of loan cotton from previous crops.

When wool prices soared on news that the British government had impounded

the entire Australian wool clip, they accomplished in two weeks what they took two years to do in the last war. Subsequently, however, wool prices relinquished part of their gain as efforts were initiated to release part of the clip to the American market. There's one point that wool men make concerning foreign demand, however. The Allies this time have not been forced to close down their wool mills as they were in the last war. England, moreover, has exempted its wool workers from military service.

Air Revenues Climb

Lines show steady gain in passenger traffic, with business holding up in winter.

AIRLINE EXECUTIVES scanning their operating figures for the year found ample cause for satisfaction, many reasons for optimism. Passenger traffic climbed steadily to reach a maximum increase of 64% for July over July, 1938. By Oct. 1, close to 500,000,000 revenue passenger miles had been logged, an increase of about 30% over the first nine months of 1938. In the same period rail Pullman travel went up only 4%, indicating that the airlines are beginning to cut appreciably into the first-class domestic passenger business.

Most significant indicator, however, was the ratio of airplane passenger seats occupied to seats available. Where last year few lines touched 60% (with the average in the middle forties), a number of the larger operators are now pushing toward the 65% mark or well into "pay" territory. This has been reflected in company earning statements. On Oct. 1 only three of the domestic airlines were in the red. Total net income for all (before deduction of federal income taxes) came to just over \$1,945,000 for the eight months, making it quite possible that the lines will end up the calendar year with a net profit (after provision for taxes) of close to \$2,500,000.

Launch Publicity Campaign

The outstanding safety record that has been hung up by domestic lines this year is credited with much of this improvement. Over 50,000,000 airplane miles have been flown since the last accident involving passenger fatalities. To focus public attention on what airlines have to offer in safety, speed, and comfort, the operators, through the Air Transport Association of America, have inaugurated a joint publicity campaign featuring the theme, "It Pays to Fly."

In previous years, most airlines (except those helped by south-bound tourist trade) have curtailed winter schedules drastically. This year, business has held up so well that a number of lines are continuing mid-summer schedules. United, for example, announced Nov. 1

What is your
I.Q.
on the subject of
advertising agency
accomplishments?

Here are five questions of interest to every advertiser. Do you know the answers?

- QUESTION No. 1** What agency has placed the largest volume of radio network advertising since the beginning of broadcasting?
- QUESTION No. 2** What agency places two weekly radio programs for one product, each of which has a higher current "listener rating" than the programs of any competitive product?
- QUESTION No. 3** What agency has been appointed during the last 24 months by 9 food and beverage advertisers?
- QUESTION No. 4** What agency has handled 11 accounts from the beginning of their advertising, the average length of service for which is 17 years?
- QUESTION No. 5** What agency ranks first in number of clients for whom it places outdoor advertising?

For the answers see next page

Here are the answers to the questions listed on **PAGE 27**

QUESTION No. 1

What agency has placed the largest volume of radio network advertising since the beginning of broadcasting?

The answer is, "Lord & Thomas." From 1926 through 1938, expenditures in network radio advertising by Lord & Thomas clients totaled \$48,459,954. This is 19% more than the amount placed by the next ranking agency.

QUESTION No. 2

What agency places two weekly radio programs for one product, each of which has a higher current "listener rating" than the programs of any competitive product?

Each of the two Lucky Strike programs, "Your Hit Parade" and "Kay Kyser's College of Musical Knowledge," currently has a higher rating than any other show produced in the interest of cigarettes. Both are handled by Lord & Thomas.

QUESTION No. 3

What agency has been appointed during the last 24 months by 9 food and beverage advertisers?

During the past twenty-four months, Lord & Thomas has acquired fourteen new accounts, nine of which are in the field of food and beverages. These are:

California Prune Industry
J. A. Folger & Co. (*Folger's Coffee*)
Kelling Nut Co.
Liebmann Breweries, Inc.
Milk Industry of San Francisco
National Biscuit Co. (*Cubs Cereal*)
Pabst Sales Co.
Sprague, Warner & Co.
Sunnyvale Packing Co.

QUESTION No. 4

What agency has handled 11 accounts from the beginning of their advertising,

the average length of service for which is 17 years?

Lord & Thomas has handled the advertising of the following accounts from their beginning:

All-Year Club of Southern
California—18 years
American President Lines—15 years
Calavos—13 years
Cubs (National Biscuit Co.)—1 year
Kleenex—15 years
Kotex—16 years
Pepsodent Dentifrice—23 years
RCA—19 years
Sunkist—32 years
Sun Maid—19 years
Union Oil Co.—16 years

This represents average service per client of 17 years.

*Except 1923-'28.

QUESTION No. 5

What agency ranks first in number of clients for whom it places outdoor advertising?

The answer is, "Lord & Thomas."

This agency also ranks first in the volume of business placed direct with outdoor advertising plant operators.

Three times during the current year the largest order issued for any single month for any one advertiser was placed by Lord & Thomas.

In addition to this, Lord & Thomas placed the largest display (with one exception) for a combination of electric spectaculars, neon and painted bulletins for any single advertiser during the current year.

To handle this volume of business, Lord & Thomas has one of the largest and most complete outdoor advertising departments of any agency.

A "Subsidy" Near Zero

A BREAKDOWN of revenue figures disproves the idea that airline profits are derived chiefly from a heavy "air mail subsidy." Of the \$46,800,000 total revenue that went into airline tills during the fiscal year ending last June 30, passenger fares accounted for some \$28,300,000—or 60.4%. Mail payments by the government came to \$16,700,000—only 35.8% of the total. Express and cargo carrying made up the balance of \$1,800,000 (3.8%). Income to the government from air mail stamps will just about cover the amount paid the lines for carrying the mail, reducing the "subsidy" practically to zero.

that it would operate all flights into the winter without reduction. American even announced the addition of one more transcontinental schedule beginning Nov. 1.

Manufacturers of aircraft are beginning to realize on the upswing of interest in transport activity. Although commercial requirements are, at present, overshadowed by the huge war orders now on the books (*BW—Nov 4 '39, p17*), they are not to be sneezed at. Looking into 1940, many operators are preparing for a 30-35% increase in business over this year's highs. For example, Pennsylvania-Central has recently ordered ten 21-passenger Douglas DC-3s to the tune of \$1,250,000. Between February and April next year, TWA will take delivery of five new four-engined Boeing Stratoliners.

Ten 40-Passenger Planes Ordered

United Air Lines has just announced that it has placed a \$3,400,000 order with the Douglas Company for ten of the 40-passenger, four-engined DC-4s, as predicted (*BW—Jun 24 '39, p21*). This plane will be similar to, but slightly smaller than the prototype DC-4 built recently by Douglas to the joint specifications of five of the airlines (American, United, Eastern, TWA and Pan American) and more recently sold to Japan. The new production type will have tri-cycle landing gear, and supercharged cabin for high altitude flying. It is designed for a 225 m.p.h. cruising speed which would provide for a 13-hour coast-to-coast service, including stops.

United had originally ordered six DC-4s of a larger type (66,500 lb. gross), but when a re-study of the specifications indicated that a somewhat smaller version (50,000 lb. gross) was better economically, the order was changed to ten of the smaller type. Unit cost will be approximately \$340,000 as compared with \$500,000 for the original design.

LORD & THOMAS Advertising

NEW YORK • CHICAGO • LOS ANGELES • SAN FRANCISCO • HOLLYWOOD
DAYTON • TORONTO • MONTREAL • PARIS • LONDON

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Friant Dam, just begun.



Shasta Dam, partly done.

California Reclaims the San Joaquin Valley

THE UNACCUSTOMED SOUND OF CANNON echoed through the brown foothills of the Sierra Nevada Mountains near Fresno, Calif., last week when Secretary of the Interior Harold Ickes broke ground for the \$16,000,000 Friant

Dam, second major unit of the West's latest giant construction development, the \$170,000,000 Central Valley Water Project. The celebration centered attention of West Coast business on the ultimate effects on California's pro-

ducing and buying power likely to follow reclamation of about 50,000 acres of arid land in the San Joaquin Valley now lying idle for want of water, and salvage of another 1,000,000 acres of orchards, vineyards and farms, representing an investment of about \$100,000,000. The project, to be completed in 1944, will redistribute the entire water supply of the valley—an area 500 miles long, 50 miles wide—by making a large river run uphill for more than 300 miles. On the upper Sacramento River, Shasta Dam will regulate and store winter flood waters so the surplus may be brought, by a series of pumping plants, into the San Joaquin basin during the summer and autumn. Friant Dam will hold back the waters of the second of California's two major rivers, the San Joaquin, to supplement the seriously diminishing supply in the southern areas of the valley. Two-thirds of its water comes from mountains in the north—largely in the winter when it's unneeded—while two-thirds of the irrigable land lies toward Los Angeles.

Construction is in charge of the U. S. Bureau of Reclamation. California takes over operation and maintenance when the project is completed. Power production is an inseparable part of the enterprise because, at Shasta Dam, where water will be stored on the Sacramento River, a relatively small additional investment will make possible development of large blocks of power. Revenue from power sales is expected to repay about half the total cost of the project.



MARKETING

ADVERTISING • MERCHANDISING • SELLING

Son Elliott Has Radio World Agog

His role in formation of new network provides latest climax in much-publicized career. Trade speculates on how big chains will meet challenge of new enterprise.

FOR A TIME, Mr. Roosevelt's second son, Elliott, looked like the problem child of the family. Elliott went to Princeton instead of Harvard where good Roosevelts go. He was the first divorced. He was the first to work for Hearst. He was mentioned twice in Congressional discussions of aviation scandals. He jumped, in the first five years of his working life, from one big-pay job to another—with a publicized facility accountable only by his birth.

Yet today a good many millions of Americans think of burly, blond Elliott Roosevelt as a solid citizen. Through his activities as a radio commentator, he has replaced son James as the best-known of the Presidential offspring. At 28 he has succeeded in working for himself where he made a failure of working for others.

Fresh out of Princeton, young Elliott got his first job with the advertising firm of Albert Frank-Guenther Law, Inc. He lasted two years before talk, occasioned by the surpassing eagerness of companies to become his clients, forced him to move on. He tried the aviation business, but the clamor attending several deals made life unbearable. The future seemed no brighter when he went to work for William Randolph Hearst, as a vice-president of Hearst Radio, Inc., in charge of four stations in Texas and Oklahoma, and president of Hearst-owned KFJZ in Fort Worth.

Up From a 100-Watter

But once the publicity attending a Roosevelt going to work for Hearst had died down, life was comparatively quiet—save that Hearst's empire was contracting, and Elliott's \$10,000-a-year job was none too safe. So in June, 1937, Elliott's wife, the former Ruth Googins of Fort Worth, contracted in her own name to buy KFJZ. Price of the little 100-watt station was \$57,000.

Three months later, Elliott bought another 100-watter, KABC, in San Antonio, under his own name for \$55,000. Mr. and Mrs. Roosevelt put their two stations together in the Frontier Broadcasting System, made a go of it. And last year KFJZ and KABC became the nucleus of the Texas State Network, Elliott Roosevelt president. Today, TSN has 23



Harris & Ewing

Elliott Roosevelt, radio commentator and president of the Texas State Network, has bigger plans for his radio future—a new national network.

member stations, a base advertising rate of \$1,218.37 per hour, and calls itself the fourth largest network in the world.

Since he's been in the radio business, Elliott has made news out of all proportion to the importance of his little stations. As a regular commentator on his own network, he got in solid with Texans by becoming one of the state's biggest boosters—second only to Amon Carter. He set himself "right" politically by becoming a pal of John Nance Garner, which nicely counterbalances his Presidential relationship. And he's become a national figure since Emerson Radio began sponsoring his comments on a coast-to-coast hookup over Mutual Broadcasting System.

Radio men haven't quite known what to make of Elliott. They cheered when he bearded the Federal Communications Commission, charging the commissioners with czarist tendencies. They smiled when the 28-year-old made speeches and wrote articles about the public responsibility of radio. They shrug at his folksy, often sadly banal style as a commentator. Recently, they've been pretty mad that

he wouldn't go along with the new code of the National Association of Broadcasters, which bans the discussion of controversial subjects on commercial programs. But right now they're talking more about Elliott Roosevelt and his plans for a new national radio network than they have about anything that's happened in years.

Aiming at Some Business

Name of the new network is Transcontinental Broadcasting System. It was announced only last week (*BW*—Nov. 11 '39, p. 4), and Elliott's part in its formation is hard to pin down. The trade is calling it the Roosevelt network, and certainly Elliott was one of the leading spirits in its formation. But he says that he will own no stock in TBS, and that "our only interest in the network is that we may get some business through it." Thus far the Texas State Network is the only affiliate announced for the new web, but it's claimed that a total of more than 100 stations have been lined up—with perhaps a third of that number signed up.

The stations will be of all sizes, but only a few will boast as much power as 5,000 watts. Stations are being offered membership on a basis of 15 hours of time guaranteed a week, to be compensated at 30% of individual rate cards up to a total of 21 hours. Above 21 hours, the stations would get 50% of their rate cards.

President of Transcontinental is John A. Adams. He's executive vice-president of the Texas State Network, and is being "loaned" to the new venture. Vice-presidents of Transcontinental will be William A. Porter, a Washington radio lawyer; Lester E. Cox, of KCMO, Kansas City; and John Roberts, KXOK, St. Louis. H. J. Brennan, of KQV, Pittsburgh, is treasurer, and R. M. Thompson, also of KQV, is secretary.

Big Nets' Restrictions

In the trade, the advertising firm of Blackett-Sample-Hummert is credited with providing the push for the new web. B-S-H, which buys more time than any other agency, is said to have been irked by the restrictions placed on the use of independent stations by the big networks. Transcontinental officials cite an example in trouble that B-S-H had with National Broadcasting Company. The agency wanted to air transcriptions of a network program on various independent stations, among others the Texas State Network. The story is that NBC ruled that the transcriptions would have to be made in New York, at the point of the program's origin. This made it impossible to air the transcriptions on the same day as the original program, and led to the scheme's abandonment.

Thus far, Blackett-Sample-Hummert officials have admitted no part in the formation of the new network. But of the 38½ hours a week which Transcontinental claims to have sold, B-S-H is said to

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Announcing THE NEW DICTAPHONE

Cameo



An ultra-modern dictating machine, so small, so light, so attractive that it suggests the perfection of a finely-carved cameo.



PROUDLY Dictaphone presents its new Cameo Model—which in contour and every graceful line explains the choice of its name.

Shorter, lower and lighter than previous Dictaphone models, the new Cameo bespeaks in its flowing symmetry the modern efficiency of its design—compels instant admiration.

With the new convenience of smaller size, the new machine has all the reliability for which Dictaphone has long been famous. The ultra-light pick-up portability of this modern dictating machine extends the universal usefulness of Dictaphone. You can take your office with you, wherever you go.

Try the new Dictaphone Cameo dictating machine—with no obligation. Just fill in the coupon below. Mail it now!

DICTAPHONE

BW-11-18

Dictaphone Corporation, 420 Lexington Ave., N. Y. C.
In Canada—Dictaphone Corporation, Ltd., 86 Richmond Street, West, Toronto

- ☐ Send me additional information about the new Dictaphone Cameo dictating machine.
- ☐ I should like to see and try the new Dictaphone Cameo without obligation.

Name.....

Company.....

Address.....

The word DICTAPHONE is the Registered Trade Mark of Dictaphone Corporation, Makers of Dictating Machines and Accessories to which said Trade Mark is Applied.

Industrial SALES EXECUTIVE now available

One of the most highly qualified sales executives we have ever known has just become available. Experience largely in metal fabricating lines. Started one product from scratch and built national business in few years. Unusually able salesman. A sales director who gets quick results.

We Recommend Him For:

Introducing new product
Director of sales
Branch manager
Sales Promotion manager
As a District Representative
Industrial Sales Research

We can arrange appointments. This man is willing to go anywhere.

G. M. BASFORD COMPANY
Industrial Marketing
60 East 42nd Street
New York, N. Y.

TAKE A

"Night Off"

on your New York-Chicago
trip... aboard the
"CENTURY"

All accommodations are private
rooms... guests enjoy the Cafe
Century... Scenic Lounge... Club
Lounge! And the SLEEP of the
Water Level Route!

16 Hours—from Dinner Time

to Business Time

Lv. Grand Central... 6:00 P.M.

Ar. Chicago... 9:00 A.M.

Lv. Chicago... 4:00 P.M.

Ar. Grand Central... 9:00 A.M.

More than ever,
it pays to ride the "Century"



**20th
Century
LIMITED**

THE WATER LEVEL ROUTE... YOU CAN SLEEP

have bought 20 hours for two of its clients, Sterling Products, Inc., and American Home Products. Trying to figure B-S-H's part, the radio trade has been puzzling over the significance, if any, of the fact that Hill Blackett had dinner at the White House recently with the President and Elliott Roosevelt. Mr. Blackett was public relations director of the last Republican campaign, and is a member of the Republican national committee. Questioned about the visit, Elliott said it was purely social, and that neither radio nor politics was discussed.

Transcontinental expects to begin broadcasting January 1, 1940. Originating points for programs will be New York, Chicago, Hollywood. Telephone lines are being ordered immediately.

Advertising men are of the opinion that the new web's chances of getting started—and of making an eventual success—depend to a large extent on the actions of the existing national networks. Mutual

is hardest hit, for beyond doubt many of the stations which Transcontinental is trying to line up have been in affiliation with Mutual. The Texas State Network itself is under contract to Mutual until September, 1941. Mutual gives TSN 85% of its rate card, and the contract is understood to specify that TSN may not ally itself with another national net under less favorable terms—which the 30% promised by Transcontinental would seem to be. Certainly, Mutual will do everything it can to hold stations.

NBC and CBS, by ending their ban on instantaneous transcriptions at any point for rebroadcasting over independent stations, could deal the embryo net a heavy blow. There are those who suggest that Transcontinental's promoters would be willing to call it off if CBS and NBC would see the light.

Whatever happens, one thing's sure—the President's boy, Elliott, is making a name for himself in radio.

Radio-Phonograph Sales Soar

Price-cutting competition is only big fear as manufacturers see unit business 84.5% above 1938 and 610% over 1934. Advertising campaign a factor.

In 1931-1933, when everything was doing badly, the phonograph and record industry distinguished itself by doing worse. It did so much worse that it came uncomfortably close to going out of existence. Today, when everything is doing pretty well, it is enjoying a private boom which makes a good many other industries look as though they were standing still. Manufacturers who see unit sales of radio-phonographs for 1939 up 84.5% over 1938 and 610% over 1934 are keeping their fingers crossed for fear that increasingly keen price-cutting competition will wash the black ink out of the profits the industry has been piling up.

Outstanding current evidence of this competition is Consolidated Edison's promotion since September 1 of a General Electric table-top radio-phonograph in the Greater New York area. Sales of the combination, priced at \$23 (GE claims it will go on the market throughout the country at \$59.95 after January 1) are already over 100,000, though Consolidated Edison originally underwrote only 50,000. Radio Corporation of America, which accounts for close to 25% of the radio-phonograph business, according to trade estimates, decided not to let such an offer go unchallenged, countered with another special campaign in New York, trimming its price in the New York market to \$29.95, and throwing in \$4.50 worth of records and a composition record rack.

In 1927, first year in which the radio-

phonograph was put on the market, sales ran up to over 2,000,000; in 1931—only four years later—they had dropped to 100,000 and manufacturers had stopped turning out new models, counting themselves lucky if they could dispose of the stock on hand. Whatever money people had for such luxury items was going into popularly priced radios. Then consumer demand for "the music you want, when you want it" reduced prices, and careful promotion by awakened manufacturers put the business back on its feet. Unit sales were up to 352,300 in 1938, and are expected to top 650,000 in 1939.

Average Price Comes Down

Today there are over thirty manufacturers in the phonograph field, making combinations, portables and record players. The resultant competition, combined with tremendous technical improvement, has brought the average price of the radio-phonograph down from around \$750 in 1928 to \$100 or less in 1938. Even Capehart, which has always stood at the top of the price field, with deluxe instruments ranging from \$575 to \$2,500, has put out, since its merger with Farnsworth Television & Radio Corp. last spring, a new line of "Capehart-Panamuse" combinations, retailing at prices from \$159.50 to \$299.50. And a good part of this price drop has been in the past two years. In 1937, Philco's price range in consoles was from \$600 to \$139.95; today it is \$395 to \$79.95. The lowest priced console on the market

You Deserve a Vacation Every Day



It doesn't matter how long it lasts, or where it is, but how well it relaxes and remakes you...inspires a fresh point of view. When hard work and cares have had their full share of your day, take your daily vacation...time for your family...time for your hobbies or interchange of ideas with understanding companions.

Then each day offers precious moments that lend lustre to life. You owe these moments—daily—to yourself.

* * *

It is in your hours of recreation that Budweiser will prove a welcome companion. Would you like to know why? You'll find the answer in every bottle of Budweiser... everywhere.

Live Life... Every golden minute of it... Enjoy Budweiser... Every golden drop of it

ANHEUSER-BUSCH
Makers of the
World-Famous Beer...

Budweiser

TRADE MARK REG. U. S. PAT. OFF.



WE MAKE THIS BIRDSEED TEST: All is not barley in a barley harvest. Seeds of other plants are gathered with the grain—but ingenious separators in the Home of Budweiser remove them... every one. Then the barley is tested for sprouting. Result, pure barley, pure malt, pure Budweiser.

YOU MAKE THIS TEST: Drink Budweiser for five days. On the sixth day try to drink a sweet beer. You will want Budweiser's flavor thereafter.





Consolidated Edison's persistent plugging of its \$23 G.E. combination produced such excellent results—

today is listed at \$49.95; the lowest-priced table model at \$19.95.

Most manufacturers feel, however, that prices on combinations, and particularly on table models, have reached rock bottom as far as the immediate future is concerned. Competition or no competition, makers who found they were getting too short a profit are raising their prices, in some cases as much as 15%. During the past year the market has been flooded with low-priced combinations, some table models going for less than \$20. In most cases manufacturers were over-optimistic in estimating sales and production costs and things worked out to no profit all around. Philco and Emerson have dropped their models at \$19.95—their lowest prices are now \$29.95 and \$32.95 respectively—and other makers will probably follow their lead. The great majority of phonograph buyers want quality reproduction, and manufacturers have found that they can't give it at a profit for much less than \$30.

Where Over Half the Records Go

Stepchild of the industry is the automatic, or coin-operated phonograph business, which keeps five companies in production (The John Gabel Manufacturing Co., Mills Novelty Co., Rock-Ola Manufacturing Corp., J. P. Seeburg Corp., and the Rudolph Wurlitzer Co.). Radio-phonograph manufacturers are unwilling to admit that the automatic machines, which are standard fixtures of bars, beer-stubs, and restaurants, have played a large part in cultivating the popular taste for music, making people anxious to have their own phonographs and records. Over 50% of all records produced go into automatic phonographs, though, because they are cheaper discs, they do not account for a comparable dollar volume of the trade. These machines, resplendent in their chrome and colored-glass trim, boomed tremendously after the repeal of prohibi-

tion, between 175,000 and 200,000 having been turned out in the past five years, but production has been fairly even since 1938. Biggest manufacturers are Seeburg and Wurlitzer, with the edge probably going to Seeburg, because of their automatic coin-rejector and other improved technical developments.

Stimulating Public's Wants

Ever since phonograph manufacturers stopped digging their own graves back in 1934, they have been pushing their product to the limit with bigger and better advertising and promotion campaigns. Most publicized of these was the Victor Record Society Plan, promulgated by RCA Victor's T. F. Joyce in 1937, which was based on the principle that once people were introduced to recorded music through the medium of an inexpensive record player they would be in the market for expensive combinations. In a survey conducted in Wilmington, Del., RCA found that 60% of those who subscribed to the plan, which gave them a record-player, \$9 worth of records and a year's subscription to the Victor Record Society Review for \$14.95 (the price of the player), hoped to buy a full combination.

The best thing about the industry from the manufacturers' point of view is that the replacement market is a big one; purchasers of record players and table combinations are likely to end up saving their pennies for expensive instruments. RCA officials say that their outlay for radio-phonograph advertising has increased 50% each year over the preceding year since 1934. Philco, which has usually saved its ammunition for straight radios, plans a big splurge on combinations alone, and for the first time, this year they are showing a combination in every national ad.

That the radio-phonograph boom is only beginning to hit its stride is indicated by the fact that manufacturers

report increases in total volume of sales for the first three quarters of 1939 ranging from 50 to 500% over the same period in 1938. Philco's sales up to October 27 of this year were 510% ahead of sales for 1938 to the same date. Stromberg-Carlson reports an increase of 233% in the first 10 months of this year over all of last year. RCA's sales are 700% ahead of 1934—90% better than those of the industry as a whole. The increase in dollar volume of sales is probably lagging behind this because of decreased prices and large sales of small models.

This current boom in combination sales has not been accompanied, as might be expected, by a decline in radio sales. Radio is doing well also, particularly short wave sets as a result of the war, but its sales gains do not compare with phonograph's. Factory shipments of table model radios were 83% ahead of August at the end of September, and radio console shipments were 46% ahead, but total shipments of combinations topped this by being up 111% for the same period.

Scrap Pea Campaign

Pea canners call off sales promotion as increased demand lifts price on large supply.

THE WEATHER man did wrong by the pea canners this spring, produced better-than-anticipated yields in some regions despite reduced acreage. Instead of the expected total supply of approximately 20 million cases including a carry-over (BW—Jun 10'39,p24), when the crop was packed the supply was actually 23,700,000.

But directors of the Canned Pea Marketing Cooperative have scrapped a November sales promotion campaign decided upon last August. The reason is that Grocer Smith and Housewife Jones have been stocking up on canned peas as on everything else edible since Sept. 1. Result: higher prices.

When the directors met last August, they remembered that the case price f.o.b. factory sank to 78¢ for #2 tins of 3-sieve Alaskas in 1935 when they had 24,000,000 cases in tin. Also remembering last year's sales promotion, which moved a record-breaking volume of 22,500,000 cases to consumption, they voted a program of sales promotion to cost \$70,000 and a statistical program of \$60,000.

The Emergency Subsides

Subscriptions at the rate of 1¢ per case to the fund began rolling in nicely toward a goal of \$130,000 by Oct. 1. But when grocers and housewives began to buy, canners' misgivings were quieted. By Oct. 1, only \$103,000 was subscribed from 68 companies.

Prices are now 84¢ for #2 tins of 3-sieve Alaskas over 64¢ in November.



—that RCA put on the market a specially-priced combination of its own.

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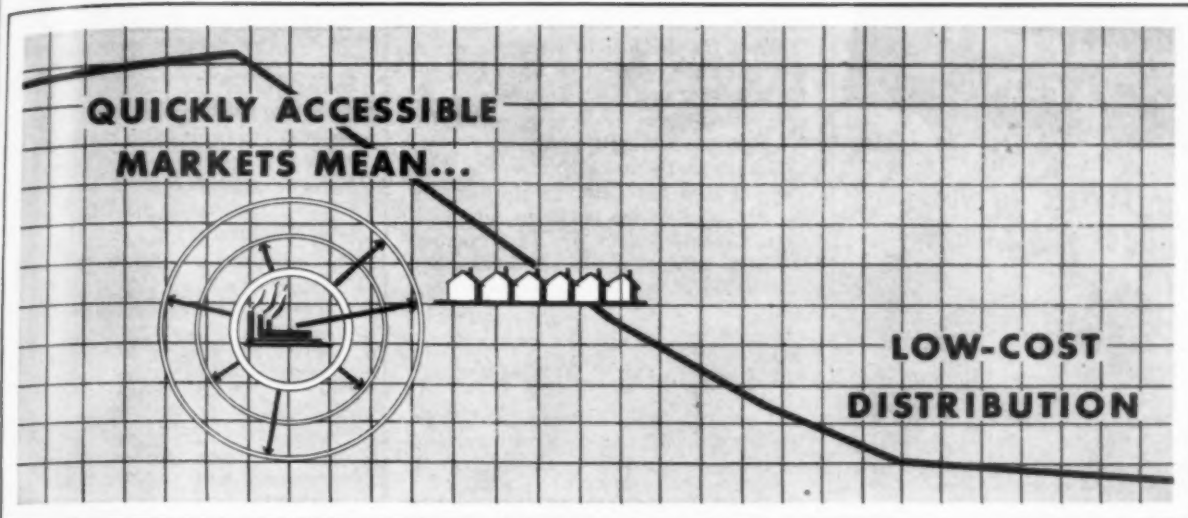
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...and MAJOR MARKETS are within first to third morning delivery range of Chesapeake and Ohio Territory

Whatever plant location you choose within Chesapeake and Ohio Territory, you will find it a low-cost distribution center. Running through the heart of Virginia, West Virginia, Kentucky, Ohio and Indiana, Chesapeake and Ohio Lines divide the population east of the Mississippi—an area containing most of the major markets and approximately 70% of the United States population.

Industries in Chesapeake and Ohio Territory have the country's principal consuming areas within first, second, or third morning delivery range. For instance, from Charleston, West Virginia—almost at the middle of Chesapeake and Ohio's main line—New York is only 50 hours away by fast schedule freight. Toledo, 21 hours, Boston, 72 hours. Chicago, 33 hours. The port of Newport News, 27 hours. Second or third morning delivery in Southern territory.

Add to the accessibility of distant markets such close-at-hand advantages as abundant raw materials and fuel, plentiful native-born labor, cheap power, cooperative legislation, available industrial sites...and you begin to see some of the dominant values of location in Chesapeake and Ohio Territory.

What do you seek in a more advantageous location? Complete and impartial factual surveys for your specific industry will be furnished on request. All inquiries will be held in strictest confidence. Write

GEORGE D. MOFFETT, *Industrial Commissioner*
CHESAPEAKE AND OHIO LINES
Huntington, West Virginia

THESE ADVANTAGES

are but the fundamentals of many favorable conditions making Chesapeake and Ohio Territory an economic field of operation for many industries.

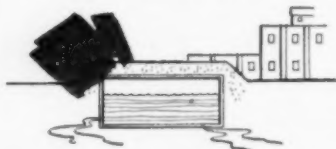
- RAW MATERIALS of many kinds; abundant, near at hand, economically secured.
- INTELLIGENT LABOR—native-born; largely skilled in a diversity of industries; well housed; peaceful and cooperative.
- NEAR TO MARKETS—major consuming areas within first, second or third morning delivery.
- EXCELLENT TRANSPORTATION—favorable freight rates and dependable service keep markets and manufacturers in economically close touch.
- CHEAP POWER—abundant coal, oil, natural gas and hydro-electric developments assure this region of unlimited power at most economical costs.
- COOPERATIVE LEGISLATION—Industry is king in Chesapeake and Ohio Territory, and the legislatures of the five great States in which it lies are friendly toward the needs and aims of enterprises they invite and those they already have.



CHESAPEAKE *and Ohio* LINES

WATERPROOFING SYSTEM

DEvised TO STOP
HUGE WATER LOSSES



ONE PENNSYLVANIA CITY was losing thousands of gallons of filtered water through leaks in the underground clear well in which the city water supplies were stored.



TO STOP THE LEAKS, it was necessary to empty the well, clean it and apply membrane waterproofing, covered with concrete.



KOPPERS ENGINEERS suggested a method of doing this work with water-resistant waterproofing of coal tar pitch and fabric.

LET KOPPERS SOLVE *Your*
PROBLEMS

Koppers engineers, skilled in the use of all these Koppers products, may solve some problem in your business: Coal and Coke, Coal Preparation Systems, Coke and Gas Plants, Purification and Recovery Equipment, Boiler and Industrial Electric Power Stations, Industrial Chemicals, Creosote, Municipal Incinerators, Castings, Special Machinery, American Hammered Piston Rings, D-H-S Bronze, Fast's Couplings, Material-handling Systems, Pressure-treated Timber Products, Tarmac Road Tars, Roofing, Bituminous-base Paints, Ships, Barges.

Koppers Company, Pittsburgh, Pa.

K O P P E R S

1938. The composite price index is now at 98¢.

When the decision to scrap the drive was made, the cooperative asked \$50,000 for statistical and related work, at ½¢ a case on new pack, ¼¢ on carryover, \$57,000 was subscribed promptly.

Realists in the industry maintain that the war rush has merely postponed the task of cajoling the public to eat more peas. A case of peas in Mrs. Jones' pantry is just as much of an obstacle to cannery sales as the same case on a jobber's floor.

Citrus Drive Mapped

Government aids efforts to overcome glut threatened by drop in fruit exports to Europe.

WASHINGTON (Business Week Bureau)—Citrus crops will not be as large this year as last, but a glutted market impends because of wartime shrinkage in exports (see table). To cope with the problem, which is expected to be as acute as last year's, a national citrus merchandising committee again is trying to salvage some return for the growers. The group, headed by Porter R. Taylor, of the Agricultural Adjustment Administration, includes representatives of growers, wholesalers, and cooperative, voluntary and corporate chains.

To stimulate early season consumption, the organized food chains have scheduled a sales campaign for Nov. 16-25. This will be followed by similar campaigns later in the season on oranges and grapefruit.

Economy in Sale by Pound

A new merchandising angle is experimentation in the sale of Florida oranges by the pound. As 80% now go for juice it is believed that many economies in grading and packing can be gained by selling the fruit without regard to size.

For three seasons there have been almost continuous efforts by the trade to stimulate consumption. Last season's crop of winter oranges was 9% higher than in the preceding year but total shipments from Oct. 30, 1938, to Mar. 11, 1939, increased 20% and chain food store sales during the national citrus sale showed a weighted average increase of 48.5%.

The grapefruit crop was 31.5% larger last season than in the previous season. Shipments of fresh fruit from October to March increased 17.4% and chain food store sales during the national citrus sale 31.6%. These figures are not so impressive as in the case of oranges. However, promotion of canned grapefruit juice did score remarkable results. Chain food store sales during the summer and fall of 1938 showed a weighted average increase over the previous year of 105% and the increase in total shipments was 40%. The total estimated pack of about

Less Citrus Fruit — But More to Sell

ESTIMATES of the Department of Agriculture show a decrease in citrus crop yields for 1939, but growers face a declining demand from European sources and will have to sell more in domestic markets. The estimated yield:

	Average Crop 1928-37	Average Crop 1938	Indicated Crop 1939
(Thousand boxes—000 omitted)			
Oranges:			
California	15,335	17,900	14,960
Florida	11,120	17,500	19,100
Total:	26,455	35,400	34,060
Grapefruit:			
Florida	12,838	23,600	17,100
Texas	3,338	15,670	15,200
Arizona	1,005	2,700	2,500
California	1,544	1,824	1,800
Total:	18,923	43,794	36,600

8,500,000 cases was practically sold by Jan. 1 this year.

The government, through the Federal Surplus Commodities Corp., bought 1,750,000 boxes of oranges and 1,950,000 boxes of grapefruit for relief distribution, and 1,500,000 boxes of grapefruit which were packed and distributed as juice. The grapefruit purchases were in line with an agreement that the trade would divert a like amount of low grade and less valuable sizes into stock feed and other uses. The net result of FSCC operations was to take off the market about 7,000,000 boxes of grapefruit, the amount by which the 1938-1939 crop of 44,000,000 exceeded the 1937-1938 crop.

The FSCC food stamp plan is expected to figure in moving citrus fruit this season. Although oranges were a popular number on the surplus list this year, the citrus sales season was about over by the time the stamp plan got started.

The AAA has a marketing agreement with Florida growers covering oranges, grapefruit and tangerines and an agreement with California-Arizona growers is effective with respect to oranges. In Texas a grapefruit growers' referendum convinced the AAA that a new agreement would not be adequately supported.

Winter Pears Pushed

WASHINGTON (Business Week Bureau)—Chain stores are promoting winter pear sales. This year's pack by Oregon, Washington and California growers will total only 3,238,000 boxes compared to last year's 4,183,000 boxes, but because of the war about 500,000 more boxes must be sold on the domestic market. The best guess on maximum exports this season is about 5% of the pack against about 38% last year. Winter pear growers are trying to telescope the marketing of their crop into November, December and January because they anticipate South American competition by February.

MARKETING ANGLES

Is Shampoo Soap?

THE TOILET GOODS ASSOCIATION is peeved at the Food & Drug Administration's ruling that soap, to enjoy the exemption given it under the federal Food, Drug, and Cosmetic Act, must be specifically labeled "soap". Otherwise, the product becomes a cosmetic subject to regulation. The Toilet Goods Association thinks that a test case could be won for the exemption of shaving creams or shampoos, so labeled. At the same time, the association advises manufacturers who want to avoid test cases to suffer in redundancy, and label their products "Shaving Cream Soaps" and "Shampoo Soaps".

Selling by Smell

CHARLES MAYER & Co., Indianapolis retailer, went to new lengths of high-pressure selling on some recent perfume advertising in the Indianapolis *Star*. With the cooperation of the *Star's* printers, a half-page ad was made to smell like the Aphrodisia perfume, eau de cologne, and bath powder it was pushing. Four pounds of concentrated Aphrodisia oils, dumped in the paper's inking fountains, did the trick. Aphrodisia perfume is made by Faberge of Paris, which also puts out a scent called "Tigress" that might be even more sensational in print.

They Lost



Toronto Evening Telegram

When E. C. Sammons of Portland, Ore., vice-president of the Iron Fireman Mfg. Co., and C. T. Burg of Cleveland, sales manager, made a bet with their Toronto sales force—and lost, they paid off by marching five miles through Toronto's streets, clad in shorts, and accompanied by a donkey and a five-piece band—a smart stunt, resulting in nice publicity for the Iron Fireman organization.

Building this Winter?



USE 'INCOR' 24-HOUR CEMENT AND GET EARLIER OCCUPANCY AT LOWER COST

YOU can build economically, even in dead of winter, by using 'Incor' 24-Hour Cement. 'Incor' hardens, and is safe from freezing, in one-fifth the usual time. That cuts heat-protection costs; work is speeded, so overhead costs are lower, too. G. L. Roy, of J. G. Roy & Sons Co., Springfield, Mass., contractor, states:

"We were repaid many times over for the slight extra cost of 'Incor' 24-Hour Cement used for all reinforced concrete work on General Medical Building No. 8 (above), Veterans' Administration Facility, White River Junction, Vt. Concreting started in late November; 'Incor' enabled us to remove floor forms sooner, maintaining schedules with only one set of forms. Air temperatures were as low as 5°, and we had a lot of snow. All work was done under canvas protection, with oil-salamander heat. Yes, 'Incor' certainly does cut costs on winter work."

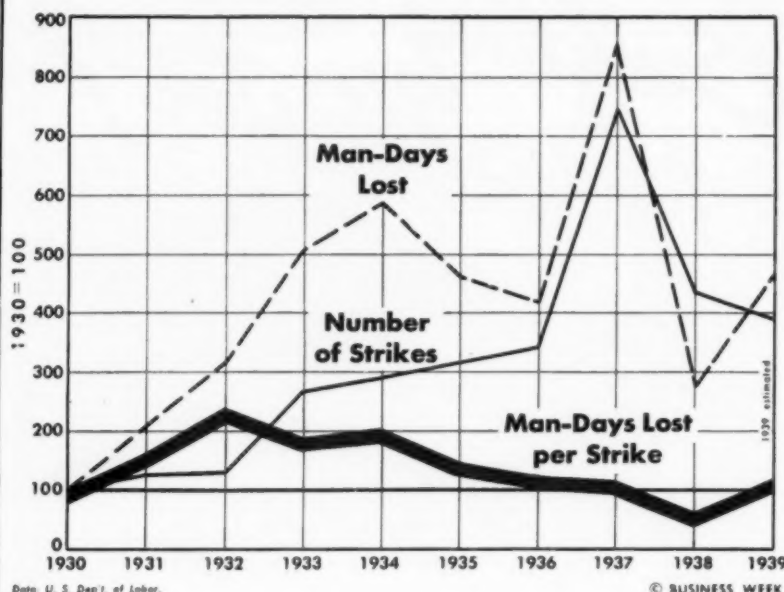
Twelve years' experience shows that 'Incor' reduces heating expense by 50 to 60 per cent, cuts form costs, and saves on job overhead. 'Incor'* means earlier completion, usually at lower (not higher) cost—and that's well worth considering. Write for copy of "Cold-Weather Concreting." Lone Star Cement Corporation, Room 2216, 342 Madison Avenue, New York. *Reg. U. S. Pat. Off.

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LONE STAR CEMENT CORPORATION

MAKERS OF LONE STAR CEMENT . . . 'INCOR' 24-HOUR CEMENT

More Strikes—But Shorter Ones



Data: U. S. Dept. of Labor.

© BUSINESS WEEK

NOT BAD, NOT GOOD, is the American record on industrial disputes under the Wagner Act. Since the federal labor law went into effect in 1935, business has been through one horrendous year (1937) when the total of lost working days hit a high peak, but at the same time has seen a steady decline in the number of man-days lost *per strike*, up to the spring of 1939. Two big factors will boost 1939 into prominence on the labor analyst's charts: the soft-coal strike which began last April and ran for six weeks, and the Chrysler dispute, which is in its seventh week.

In round figures, the record is this: During 1935, there were 15½ million idle man-days; in 1936, there were 14 million; in 1937, the figure jumped to 28½ million man-days—due principally to the 44-day General Motors strike, a shorter Chrysler strike, and the month-long "Little Steel" strikes. During 1938, strikes fell from 1937's high of 4,740, to 2,772, and idle man-days dropped to 9 million.

Pushing Up Man-Day Loss

The record for 1939 would be favorable, save for the coal strike which added 7 million man-days to the lost column, and the Chrysler tieup which thus far has cost the industry about 2½ million man-days of production. In length, the Chrysler strike approached the General Motors' record this week, but in lost man-days the latter's strike of two and a half years ago was easily the

champion, because a far greater number of men were idle.

The National Labor Relations Board, although it probably will suffer severe criticism if the American record of industrial disputes again moves up to 1937's rate, has had little to do with the handling of the big strikes which add millions of man-days to the lost column. It was a bystander during the automotive and steel strikes of 1937; it was not involved in the coal shutdown this year; its part in the Chrysler news has been confined to the holding of an employee election which C.I.O. won before the tieup began. The Wagner Act, itself, however, undoubtedly encourages unionization and collective bargaining demands which, if blocked, produce the strikes.

Off-Record Activity Helps

The big point not much discussed, but clearly shown in the accompanying chart, is the increase of practical mediation, which cut man-days per strike even during 1937. In this connection, the off-record work of NLRB agents has been of great value. Although the law does not give the board any powers of intervention, mediation, or arbitration, its behind-the-scenes intervention, coupled with its prompt action in the scheduling of plant elections and settling disputes, explains why strikes have been of considerably shorter duration than in pre-Labor Relations Board days.

LABOR AND MANAGEMENT

Textile Wages Rise

Increases are reported by more than 100 firms. Many result from union negotiation.

WAGE INCREASES in the textile field, above and distinct from the general minima set up this year under the Wage-Hour Law, are big news this week on the labor front. Since September, when the textile business broke out of a rather drab three-quarters trend (page 24) and quickened to a profit-making pace, more than a hundred firms have increased employee earnings.

To a considerable extent, the raises have been a matter of labor union negotiation, which makes the present period unique. Historically, the textile business lags behind other industries in such action: this year it leads. Historically, too, the non-union mills have the bulk of the business and the union mills cannot get out of line; now the situation seems to be reversed, with the union mills setting the standards. This is particularly true in New England, not so true in the South.

The Wage-Hour Law took textiles up to a special minimum wage, first of all industries, with a 32.5-cent hourly rate for cotton, silk, rayon, and seamless hosiery, 40 cents for full-fashioned hosiery, and 30 cents as a base for everything else (the 30-cent rate also applying to other businesses). On top of this, the only labor union which ever has gained a recognizable standing in the field, Textile Workers Union of America (C.I.O.), is gaining new contracts for higher pay all through the field.

Rescind Wage Reductions

A general roundup of the recent wage increases, up to the beginning of this week, shows the following individual cases:

Cotton Textiles—At the time of the adoption of the general 32.5-cent minimum for the industry, wage increases above that rate were set by Columbia (S. C.) Duck mills, and the Mount Vernon-Woodberry firm in Baltimore. Several mills in Fall River and New Bedford, Mass., tacked on a 7% wage increase, this being in part a restoration of former cuts. Other New England raises have come in large non-union mills of American Thread, Pepperell, New England Industries, Manville Jenckes, and Berkshire Fine Spinning Associates. In the South, Lafayette Cotton Mills announced a 13% increase. Cutter Manufacturing Company restored all previous wage reductions; Mansfield and Jennings raised rates 8% above the minimum. Pacific Mills went to the 32.5-cent rate for all employees and now are negotiating with

MANAGEMENT

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T.W.U.A. for further increases. Erwin Cotton Mills upped wages 2.5 cents above the minimum. And in the non-union shops, Pepperell's plant in Lindale, Ga., announced a 5% raise, and Callaway Mills and Bibb Manufacturing also increased the employees' rates.

Rayon and Synthetic Yarns—Celanese Corp. led off in this field with a 6% increase for all employees, which brought general rates to a new peak for the company. Industrial Rayon boosted wages 10%, and 5% raises followed in non-union American Enka and several du Pont plants. Negotiations with the union now are under way at American Viscose Corp. and North American Rayon.

Raises All Along the Line

Woolens and Worsteds—Recent wage increases in this field began with an agreement between the union and Warrenton Woolen Co. of Torrington, Conn., for a 5% raise, which was followed by a 2% boost at Princeton Worsteds, Trenton, N. J. American Woolen, biggest in the field, has been talking higher rates with T.W.U.A., and increases ranging from 5% to 10% have been granted by Lockwood Co. (Cleveland), Blumenthal Co. (Shelton, Conn.), and Rock River Woolen (Janesville, Wis.)

Carpets and Rugs—Bigelow-Sanford, and Alexander Smith & Sons, the two huge firms which make about 45% of all rugs, negotiated a 5% wage increase with the union during August and September. Several other parleys now are under way in this field, looking toward similar standards.

Silk and Rayon Throwing and Weaving—In this division, increases began last February, with a union agreement for a 5% boost at Liberty Throwing Co. Kahn and Feldman, one of the largest throwsters, raised wages 7%, and similar increases have come from the Burlington chain in the South, Peerless Weaving Co. of Pawtucket, R. I., and the big Waumbec Mills in New Hampshire.

Dyeing and Finishing—T.W.U.A. at present is seeking raises in the entire finishing industry (which is principally in New England). Increases already have been granted in Erie Dyeing and Finishing Co. of Cleveland, and the New England firms of Arkwright Corp., Plymouth Finishing, and Newport Finishing. A number of other companies are expected to announce increases soon, and those to date have averaged around 7%.

LABOR ANGLES

Steel Union Looks Up

ALTHOUGH ITS DEMAND ON Bethlehem Steel for a \$5 day has been ignored, at least for the time being, the Steel Workers Organizing Committee (C.I.O.) is happy these days. During 1937 it got a bad slamming around at the hands of

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Trying for a Solution



In Detroit this week negotiations between Chrysler and the United Automobile Workers (C.I.O.) continued through their sixth week. Shown here are Nicholas Kelley, Chrysler attorney; Herman L. Weckler, Chrysler vice-president in charge of opera-

tions; James F. Dewey, federal labor conciliator; Arthur E. Raab, Michigan Labor Mediation Board; R. J. Thomas, U.A.W.-C.I.O. president; Maurice Sugar, the union's attorney; Richard Frankenstein, Chrysler regional director for the union.

"Little Steel" and later suffered a severe loss of public favor because it was generally blamed for the riotous steel strike. But the recent Circuit Court decision which held Republic Steel responsible for inciting the strike (so far as it affected Republic) by unfair labor practices has boosted union morale, and public esteem again will be sought with "See, we told you so" appeals. To make this month even more notable on the union's calendar, its old foe, Daniel Shields, was defeated in the election for mayor of Johnstown, Pa., and an S.W.O.C.-backed ticket took the public jobs in and around the steel towns of Cambria County.

Sen. Norris Fed Up

SEN. NORRIS of Nebraska, like a lot of other folks, is fed up with the A.F.L.-C.I.O. scrap. Speaking out last week in a public interview, he rapped both sides heartily, voiced what is undoubtedly a prevalent Congressional view when he declared that "Congress ought to go ahead and act on the proposed Wagner Act amendments without regard to either labor faction." Politics being what it is, however, and 1940 being just around the corner, Congress isn't expected to move with any great celerity. In the meantime, President Lewis of C.I.O. and President Green of A.F.L. again have been asked by the President to make up, but there was no sign at midweek that they were listening very carefully.

Red Caps Want Pay

THE BROTHERHOOD of Red Caps is suing New York Central, Pennsylvania, Chi-

cago & North Western, Chicago Western Indiana, and Illinois Central railroads in a Chicago court action, for back pay under the wage-hour law. Usually, say the red caps, they tote baggage for tips alone; sometimes they get a small wage which doesn't reach the 30¢-an-hour figure set by the federal law. The railroads contend that the job is principally a private service, and that tips add up to a respectable wage and should be counted in.

Job Totals Rise

SEPTEMBER showed a further drop in unemployment in the United States, says the National Industrial Conference Board in its monthly roundup. The reduction for the month was 7%, and since last February the jobless army has been reduced by 18%. Employment now stands at 45,943,000—not far off the 1929 average of 47,885,000. The rest of the story gathered by the board, however, is sufficiently drab to keep readers from singing hosannas: Unemployment in this country still rises to the fat figure of 8,798,000.

Shoe Wage Bonus

APPROXIMATELY 130,000 employees in 50 factories of International Shoe Co. will share a \$600,000 bonus on Nov. 27, the company's secretary, C. E. Brueckmann, has announced in St. Louis. Each worker is to get a week's extra pay, with a \$50 maximum. Salesmen, officers, directors, and other executives do not share in the pool, but the company has voted an extra dividend of 25¢ a share on common stock, which makes a total of \$1.75 paid during the year.

PRODUCTION

PRODUCTS • PLANT • PROCESSES

New Step in Plastics

Carterite started in paper-making, now used for trays, may go into auto trunk.

BEHIND THE NEWS that Dispersion Products, Inc., of Needham Heights, Mass., is getting into production on Carterite plastic cafeteria trays, lies the story of a plastic process which started out to be an ancillary of paper making, is now being applied to molded articles as diverse as plastic printing plates and dipping forms for rubber goods, and may wind up by solving the problem of large-area plastics for automobiles.

Development of Carterite goes back over ten years to the day when W. W. Carter, an experienced paper maker, began to look for a way of introducing synthetic resins of the phenolic type directly to the raw paper "furnish," or pulp stock, from which the familiar paper sheets are made. If that could be done, he thought, without filling up the screens and gumming up the felts of paper machines, he might produce a tough waterproof paper which would compete pretty handily for business in fine catalog cover stocks and might even edge in on laminated sheet plastics, many of which use thin layers of paper in their make-up.

Gel-Coated Resin Used

Upshot was that Mr. Carter evolved and patented a method of coating tiny particles of phenolic resin with a viscose gel, thus protecting a paper machine from gumming up. The gel-coated resin can be thoroughly mixed with paper furnish in any desired amount of resin up to 70%. When paper made from the treated furnish goes under supplementary heat and pressure, the resin may be said to burst forth from its viscose coating, taking a permanent "set" and becoming an integral part of the paper. Practically any kind of paper stock can be used: kraft, sulphite, rag, asbestos, or other, all depending on what final characteristics are desired—strength, fire resistance, waterproofness, electrical insulation.

Paper makers were not interested; but a Mr. R. C. Dickey was. He foresaw other applications, particularly in the field of molded plastics. He formed Dispersion Products, Inc., gathered together a small group of young chemists and engineers, and negotiated an exclusive license for Mr. Carter's process. Molded plastics made out of the resin-furnish were given the generic name, Carterite. The young engineers thought that if they pre-molded comparatively large pieces, like round bar trays, to rough approxima-

tions of the final forms, using a long-fiber kraft paper furnish with a high percentage of phenolic resin, they might solve certain problems encountered on former plastic trays, such as breaks at the line where the tray edge turns up and fraying-out after long use. Final molding under the customary heat and pressure would not then cause fractures. They pre-molded and final-molded, adding a shiny resin finish. The resultant Carterite bar trays stood up so well in hard service that the new cafeteria tray project became the logical next step.

As Mr. Dickey puts it, "It is where shaped contours are desired that the Carter process shows to best advantage . . . Since they are pre-formed into the shape in which they are to be finally pressed, there is no draw or tear. . . . This method of making shaped articles is not in competition with molding compound. Articles that give satisfactory service when made out of molding compound can be made more cheaply that way."

Right along with the tray development went research on Carterite dipping forms for latex rubber goods like toy balloons, the result being that many of those

"Mickey Mouse" balloons with the big ears are now being produced on such forms. Development of Carterite printing plates to replace metal "stereos" on long runs became another project, and one of the larger New York printers is using them on a new book. If they print as well and last as long as preliminary tests indicate, the printer says he is going to extend their use if only because of their lightness in handling and storage.

Refrigerator Door Liners, Too

At the moment, the young chemists and engineers are working on two brand new applications of Carterite: one the molding of big, one-piece refrigerator door liners which, until the last year or so, were made mainly of enameled steel and more recently have been formed with some difficulty from large flat sheets of laminated plastic; the other, the molding of a "trunk" cover for the rear end of a certain unnamed passenger automobile. If the Carterite molded liners work out as hoped, rough pre-molded liners will be shipped to a prominent refrigerator manufacturer for final heating and pressing in his plant. If the automotive project lives up to its initial promise, the anonymous automobile manufacturer will probably take a sub-license and manufacture Carterite trunk covers complete, meanwhile experimenting with applications of the versatile plastic to fenders and door panels, if not to complete plastic bodies.



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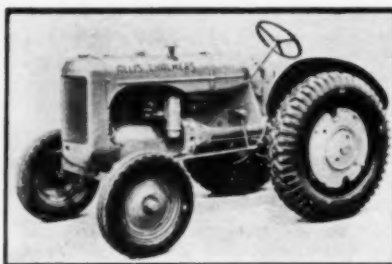
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NEW PRODUCTS

Industrial Tractor

DESIGNED for low-cost hauling indoors and out, the new Allis-Chalmers Industrial Tractor (Model "IB") weighs 2,140



lb. and produces 13.5 hp. at the drawbar. Its maker, Allis-Chalmers Mfg. Co., Milwaukee, surrounds the engine and radiator with a structural steel frame, useful alike for pushing loads, or for mounting snowplows, brooms, compressors, and highway mowers.

Home Elevator

BY REDESIGNING somewhat the lifting mechanism of an industrial lift truck, and adding a passenger elevator cage, Service Caster & Truck Co., Albion, Mich., produces its new Homelevator. Powered with a ½-hp. motor, the compact unit may be moved quickly into a home's stair well, or installed in an elevator shaft. Standard model lifts two passengers to a height of 9½ ft. Special models will be built for greater heights between floors. Special cages will accommodate a wheel chair, its occupant, and a nurse.

Portable Drink Bubbler

FOUR GALLONS of drinking water will remain cool all-day in the heavily insulated Dobbins Portable Drinking Fountain. Dobbins Mfg. Co., North St. Paul, Minn.,



builds it with an Enduro stainless steel water container and a sanitary "bubbler" for jobs where pure water is a problem.

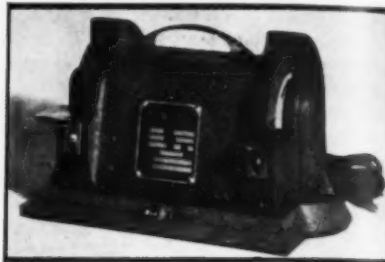
Noise Mufflers

BY IMPREGNATING the ends of small pieces of lightweight Goodyear Airfoam (latex) rubber with small quantities of

a neutral wax, Kenneth Wade achieves Nods Noise Mufflers which may be worn in the ears comfortably, day or night. Prop-Pillo Co., 15 W. 28th St., New York, makes them especially for sound sleep in noisy neighborhoods.

Portable Bench Grinder

WITH OVER-ALL dimensions of only 10½ x 6½ x 6½ in., and a weight of less



than 9 lb., the new Speedway Portable Bench Grinder of Speedway Mfg. Co., Cicero, Ill., can be carried easily to its work in plant or home. It swings two 4½ x 3-in. grinding wheels.

Auto Wheel Dolly

ONE OF THE TOUGH automotive service jobs was the removal and application of the heavy wheel assemblies on large trucks and buses, until Electric Service Supplies Co., 17th & Cambria Sts., Phila-



delphia, brought out the Peerless Auto Wheel Dolly. It not only removes and replaces wheels, but furnishes transportation to and from the repair bench.

Electric Lamp Changer

JUST AS ITS NAME implies, the new Suction Cup Lamp Changer consists of a rubber vacuum cup mounted on the end of a pole and so designed that it will screw and unscrew standard bulbs in practically any size from 6 to 500 watts, at any height up to 20 ft. Suction Cup Lamp Changer Co., 826 Delaware St., Scranton, Pa., makes it.

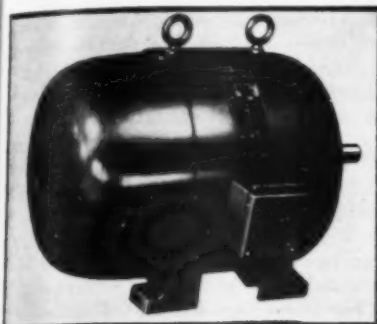
Multiplied Switch Life

THE LIFE of Durakool Mercury Switches has been multiplied recently by the adoption of two reducing agents instead of one to eliminate the oxidation of mer-

cury. Datarool, Inc., Elkhart, Ind., now makes its standard line of switches in a range of capacities up to 200 amperes, and guarantees them for three years. Larger capacities on special order.

Streamlined Motor

NEWEST PRODUCT of Howell Electric Motors Co., Howell, Mich., is the Type K Streamlined Motor, $\frac{1}{2}$ to 100 hp., poly-



phase and single phase. Cooling fan is aluminum; streamlined housing is steel. The new design is also available without feet for direct machine application.

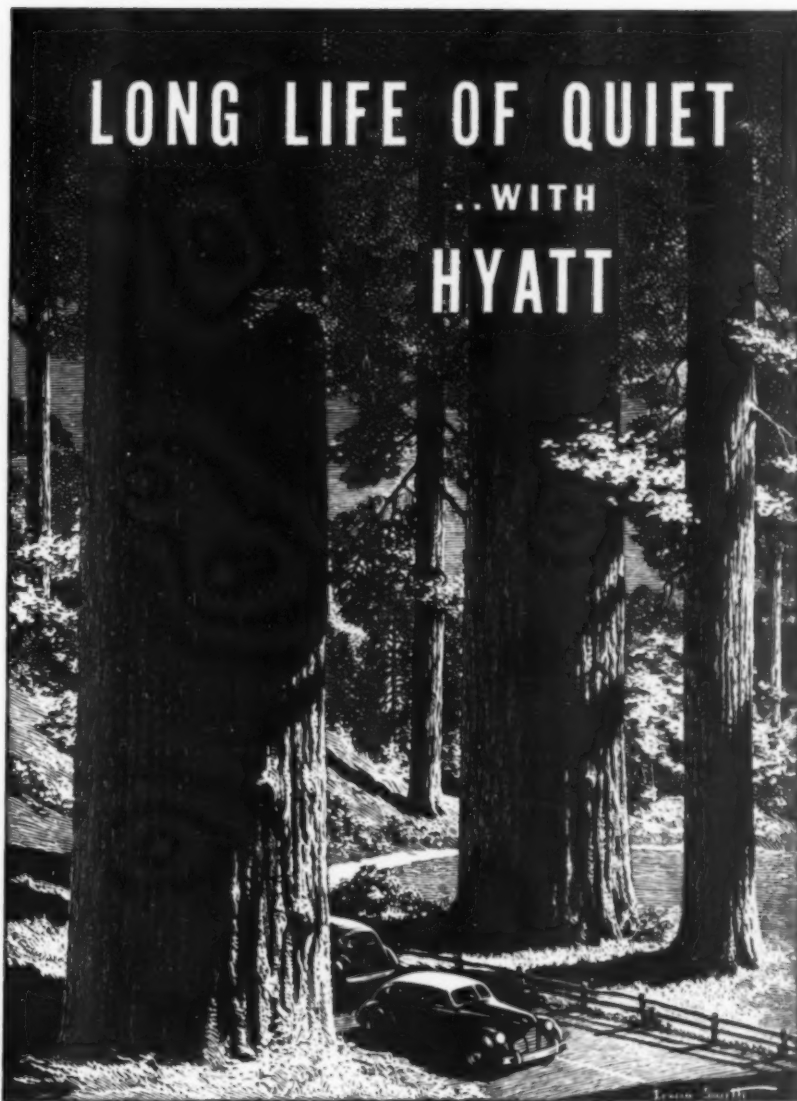
PRODUCTION ANGLES

Preservative for Latex

BEFORE LIQUID LATEX rubber is shipped from the tropics, much of it is protected against bacterial deterioration by adding 1% of ammonia gas. Tests now indicate that only $\frac{1}{10}$ % of ammonia is needed if there is added $\frac{3}{10}$ % of Santobrite, a chemical development of Monsanto Chemical Co., St. Louis. Important point is that the new material is a solid, available in briquettes or powder, and therefore easy to ship. Ammonia gas is transported in steel cylinders, the return of which becomes a major problem under war conditions.

Refrigerated Dam

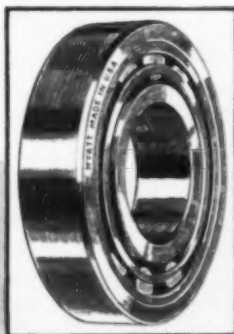
IT WILL BE RECALLED how a "slide," which developed during the foundation work on the Grand Coulee Dam, was conquered by freezing the moist earth with refrigerating equipment furnished by the Frick Co., Waynesboro, Pa. Less spectacular perhaps, but possibly more important to general concrete work, is the use of Frick equipment for precooling the water used in the concrete of the big Possum Kingdom Dam near Mineral Wells, Tex. Water chilled to a few degrees above freezing enabled the contractors to do continuous pouring right through last summer's heat, when high water temperatures, and consequent high "setting" temperatures, would almost certainly have caused weakness in the concrete. Portland Cement Association, Chicago, is studying results.



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MONEY AND THE MARKETS

FINANCE • SECURITIES • COMMODITIES

Flighty Pound Worries Traders

Despite France and England's \$7,000,000,000 in gold and liquid American investments, Britain's currency shows marked vulnerability.

MARKETS IN THE UNITED STATES this week remained largely indifferent to excellent domestic business. Traders talked more of peace or the possible spread of war, of the prospect for war orders, of the unpredictable market for the British pound, of increasing dislocation in the normal sources for raw materials.

One of the most tangible conclusions affected the bonds of neutral nations. When by midweek it once more seemed unlikely that the neutrality of Belgium and the Netherlands might be violated, the bonds of these and other small nations moved upward on world markets.

Similarly, the British pound had a burst of strength after last week's sinking spell. The rally appeared due largely to the situation with regard to Holland and Belgium. If these countries are not to be invaded, then traders reason the passive war may continue throughout the winter. If the passive war continues, the strain on the finances of Britain and France will be minimized.

Nevertheless, the long-range outlook for the venerable pound sterling was the cause for widespread worry. Nor have the erratic movements of the last three

months been conducive to removal of misgivings. It has been demonstrated that the pegged price in relation to the dollar, just above \$4 for the pound, is far from a stable price. Early in the war, the pound dropped to around \$3.70; last week it touched a low of about \$3.75 in a sharp dip.

Gyrations of this sort upset many markets. They caused the Japanese to unhitch the yen from the pound a fortnight ago and tie to the dollar. And they harbor almost limitless possibilities of financial import.

Both Helped and Hurt

When the world price of the pound slips, it makes purchase of British goods cheaper for other nations. This should aid British exports. But how much can Great Britain sell abroad, considering the extent to which the industrial establishment is occupied with war business?

Viewed another way, a low-priced pound discourages purchases by British importers because it makes foreign goods dear. That would be an effective way of building a barrier against luxury pur-

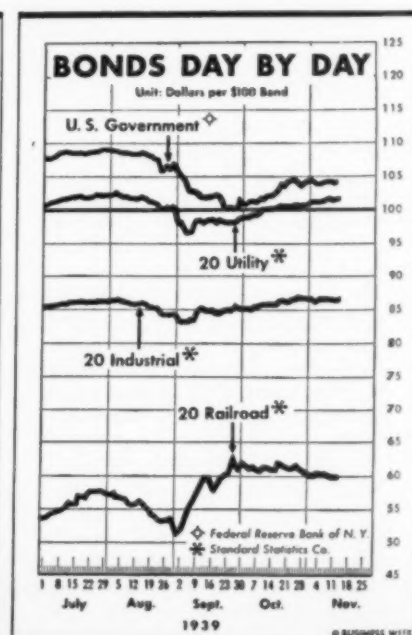
chases by British subjects. Yet it similarly handicaps the government in buying essential war materials abroad excepting with gold or accumulated balances of foreign exchange.

And another thing. England has pegged the prices of many vital raw materials. Metals, for example, bring less in London than on the world markets. The Empire, therefore, is the main supplier of such materials on a patriotic basis. And the lower the pound is allowed to slip, the less outsiders will feel like sending copper or lead or tin to London unless the pegged prices are raised.

Government Extends Its Control

Of course, the Ministry of Supply presumably will remove restrictions if there are shortages of important commodities. Until now, however, it has gotten by. It has not needed to interfere with rubber. It has taken over all of South Africa's wool and copper output, Canada's metal production (and there's a deal brewing for Canada's wheat), the African Gold Coast's cocoa, and Australia's wool and wheat. Britain and France together have some \$5,000,000,000 of gold. They have investments totaling \$2,000,000,000 in the United States which can quickly be converted into dollars. And they have an additional billion of American investments which can be realized upon a little more slowly. Yet the world markets show little faith in the pound.

Leaving the rubber market free has been important to the United States. Consumption of the commodity in this country last month jumped to an all-time high of 55,764 tons. Warehouse stocks were cut to 133,183 tons. The trade would be in a panic for fear of shortage but for the fact that rubber afloat to this country now totals an almost unprecedented 100,500 tons.



FINANCIAL ANGLES

Paying Off the RFC

SIX YEARS AGO next month, the Middle West's largest bank, the Continental Illinois National of Chicago, added \$50,000,000 to capital assets by sale of preferred stock in that amount to the Reconstruction Finance Corp. The bank's common stock was cut from \$75,000,000 to \$25,000,000 by reduction from \$100 to \$33⅓ in par value. When the contract was signed, the bank relinquished certain powers over choice and remuneration of personnel. Came time when a new chairman was to be chosen, and it's pretty well established that the RFC said, "You're naming Walter J. Cummings of the Federal Deposit Insurance Corp." Later the bank got a new contract with the RFC, and over the succeeding three years it paid off three blocks of the preferred stock totaling \$25,000,000. As this stock was retired, common-stock holders got new common shares of similar par value so that the common is back up to \$50,000,000. Now the bank's directors have voted to pay off the remaining \$25,000,000 of RFC-held preferred on Dec. 1. This time there will be no common stock dividend, but entire control of the bank will be returned to owners of its \$50,000,000 capital stock issue.

Empire Builder

OUT OF THE WESTWARD push of the nation's railroads came many great names, among them James J. Hill, Edward Henry Harriman, and Arthur Curtiss James. And the last of these "empire builders" to take any active part in the management of a western road was Mr. James. He became the largest individual stockholder in the Western Pacific in 1926 (he has long been known as the largest investor in securities of the country's railroads) and has served as the road's chairman for many years. Now, however, he has announced his resignation to take effect on Dec. 31. With his retirement, the last empire builder bows out.

Protecting the Customer

PEOPLE who do business with New York Stock Exchange members hereafter are to have access to a good deal more information on their brokers. The Big Board this week reaffirmed the right of the customer to his broker's financial statement on request, and ruled not only that the statement must be no more than four months old but that it also must be one which fairly represents, in the firm's opinion, the member's true condition. Each time the customer gets his monthly statement as to how his account stands, he must be reminded that a new monthly statement of the broker is open to his inspection. Within 35 days after the

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Saving by a cash discount

A buyer of merchandise can often make a saving by borrowing at this Bank to pay cash and take advantage of the cash discount. Also, this helps maintain his credit record for cash payments.

Saving through a term loan

Under certain circumstances a saving in interest can be made by the use of a term loan to refund a note or bond issue or to redeem a preferred stock issue. The serial maturities of this type of loan provide for convenient retirement.

Saving on materials

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audited annual statement of the member is prepared, this must either be sent to the customer or the customer must be notified that it is available for his inspection. And these rulings in no way preclude a member from sending out to customers his condition statement at any time so long as he believes the statement represents the true position of the firm at that time.

Prices by Short Wave

VIA SHORT WAVE radio, quotations on American securities and commodities

Atlas Corporation

Common Stock Dividend

NOTICE IS HEREBY GIVEN that a dividend of 25¢ per share has been declared on the Common Stock of Atlas Corporation payable December 4, 1939, to holders of such stock of record at the close of business November 17, 1939.

Dividend No. 13 on 6% Preferred Stock

NOTICE IS HEREBY GIVEN that a dividend of 75¢ per share for the quarter ending November 30, 1939, has been declared on the 6% Preferred Stock of Atlas Corporation, payable December 1, 1939 to holders of such stock of record at the close of business November 17, 1939.

WALTER A. PETERSON, Treasurer
November 9, 1939.

now are being broadcast four times daily to South America, New Zealand, Australia and the Orient. The broadcast is over General Electric's station KGIE located on the San Francisco fair site, Treasure Island, and the information on prices is supplied by E. A. Pierce & Co. Broadcasts consist of a selected list of New York Stock Exchange and New York Curb prices, the Dow-Jones share price averages, sales volume in stocks, and commodity quotations. In the late afternoon, there is a report in Spanish on closing coffee quotations for Mexico, Central America, and South America.

Corn a'Plenty, and to Spare

IT APPEARS NOW that the United States produced in 1939 the third largest corn crop in a decade. The government's Nov. 1 estimate is 2,591,000,000 bu., a gain of almost 59,000,000 bu. over the estimate a month earlier and nearly 50,000,000 bu. above the 1938 harvest. Moreover, the carryover of old crop corn Oct. 1 was a staggering 560,000,000 bu. compared with 352,000,000 bu. at the start of the 1938-39 corn year. This country seems to have consumed and exported around 2,335,000,000 bu. of corn from Oct. 1, 1938, to Sept. 30, 1939. If it does no better in the 1939-40 season, the accumulated old-crop corn next Oct. 1 will top 800,000,000 bu. It is probable, however, that the Jan. 1 livestock count will show a further increase in the country's cattle and hog population, and that will tend to boost corn consumption. Moreover, talk in Washington indicates that farmers will be asked in 1940 to cut corn acreage some 10% from this year's level. In the meantime, loans at a base rate of some 57¢ a bu. will help a good deal in carrying surplus corn from 1939's bumper harvest.

Two Insurance Law Tests

THINGS are getting hotter by the minute in the Illinois insurance field. When Ernest Palmer, Illinois state director, ordered a flat 10% cut in residential fire insurance rates (*BW—Oct 14 '39, p. 56*), agents wondered whose hide the cut would come out of. When he ordered a cut on brokers' and agents' commissions on automobile fire, theft, and collision (*BW—Oct 28 '39, p. 51*), there was further indication of the director's intention to cut costs of acquisition (the amount it costs an insurance company to get business onto its books). And there long has been a question as to just how far a state director is empowered to go in regulating premiums and commissions. So it was no surprise when two suits were launched against Mr. Palmer late last week. One was brought by American Automobile of St. Louis and the other by the Insurance Brokers Association, and both ask the courts to pass upon the insurance director's right to slash brokers' commissions on the automobile business from 25% to 15%, and agents' from 35% to 25%.

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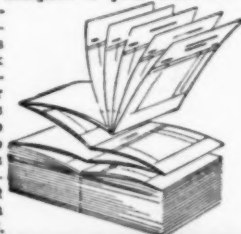
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Fuel Supply Worrying Russians

Problem has vital bearing on ability to aid Germany. New oil and coal fields in interior being developed to make Soviets less vulnerable.

Moscow (Cable)—The Soviet Union is making spectacular efforts to shift its main sources of fuel supply from vulnerable points along its southern and western borders to newly discovered fuel fields in the interior.

At the same time, despite the tremendous importance of coal and oil in either peace or war, there is important evidence even in Moscow that the Soviet Union's fuel problem is serious. Even in the Red capital, Soviet authorities are rationing gasoline because demands of the vast war machine are expanding so rapidly and because industrial consumption is soaring. And in many of the great industrial centers which are being pushed to meet the mounting demands of each successive Five-Year Plan, there is an acknowledged shortage of coal.

The problem is attracting attention more because of world interest in Russia's ability to supply Germany with surplus raw materials than because there is any evidence that the Soviet Union is falling behind seriously in its plans of industrial expansion. Also, because of the apparent fear in Moscow that the Soviet may be threatened by attack through southeastern Europe and the Black Sea region.

A "Second Baku" Under Way

Heart of the Soviet oil industry now is in the narrow strip of mountainous territory between the Black and the Caspian seas. Baku is the oil capital. From this region comes 75% of Russia's entire oil output.

In the last two years, plans have been completed and work commenced on the exploitation of a vast new field between the Volga river and the Ural mountains, far from potentially dangerous frontiers. In this new "second Baku" field, Russians claim there is 32% of the country's potential reserves, compared with only 29% in the rich Baku field.

Ufa is the thriving capital of the new oil empire, and one large pipeline already carries oil to its refineries from the oil fields less than 100 miles away. Production last year ran to 1,000,000 tons. Additional refineries are under construction now, and American engineers are in Ufa now supervising the installation of modern American cracking equipment.

Latest word from Soviet headquarters in Poland indicates that the Russians are making rapid progress in putting the captured oil fields into full production again after the war during which they were sabotaged by the retreating Poles. It will take some time for production to be brought back to the 1,000,000-tons-a-year level which the Poles had reached before the war, but even during the reconstruction period, half of the oil will be sold to the Germans in return for German technical aid and finished machinery.

The Soviets have already developed one great Siberian coal field to reduce their dependence on the rich but vulnerable Don basin field in the Ukraine, but new exploitation efforts are now being concentrated on the Dombrovsky district in the Urals where reserves are estimated at 7,500,000,000 tons, and where

production in 1942 is expected to reach 24,000,000 tons. This would mean that Russia, by that time, would be securing about one-tenth of its production from this great new industrial zone in the Urals. To reach this goal it will be necessary to open 128 new mines which so far are only surveyed.

During the last three years Ural coal production increased barely 15%. As a result, it has been necessary to import nearly half of the fuel requirements from far away sources over railroads already overtaxed.

Parleys Still On in Berlin

These are the shortcomings of the Soviet fuel supply which cause observers in Moscow to wonder how much Russia is going to be able and willing to aid Germany when their own plans are so far from accomplishment.

In Berlin, the Soviet banner still flies over the swank Adlon Hotel where Moscow's delegation of experts is staying while it tries to work out with the Germans some deal whereby Germany can quickly supply Russia with badly-needed machinery for various industries in return for oil and cotton and grain. But in the four weeks that the negotiations have been under way, the only deal concluded has been for the shipment of a million tons of Russian feed grains to the Reich. Presumably, the Germans are paying for this with the technical assistants they have already sent to Moscow and the small quantities of special machinery already shipped to Russia.

Roman Railroad



In Rome, a modern railroad terminal, equipped to handle 250,000 people, is being erected on the site of the present station, without disturbing traffic schedules. The new station

will have four stories above ground, three below, and its assorted facilities will even extend to a church. It will be ready for use when Rome opens its Universal Exposition in 1942.

WAR BUSINESS

REGULATIONS • WAR ORDERS • TRADE CONDITIONS

Canada's Buying Program Ready

British Supply Board orders will overflow into United States soon. Trade between Dominion and England narrowing down to transactions by governments.

OTTAWA (*Business Week Bureau*)—The British and Canadian governments are beginning to place large orders for war supplies in Canada this week, and the business is about ready to overflow into the United States.

First orders placed in Canada are for shells and ammunition, and for small defense vessels. Canada's half dozen well equipped shipyards are already getting busy on the new orders, and another 30 yards which have been idle since last year are being prepared for action.

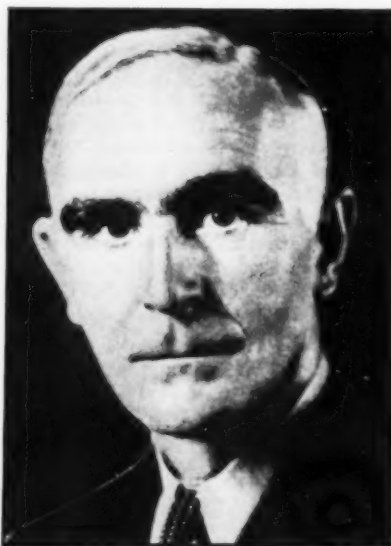
United States manufacturers, with nearly 2,000 branch plants or agencies in the Dominion, flocked to Ottawa all week for information concerning the needs of the coordinated British and Canadian buying mission. After two months of intensive planning, the mission knows now what it needs, how many orders can be filled in Canada and where, and what business must be placed in the United States.

Arthur B. Purvis, \$1-a-year man from the Canadian Industries Ltd., Montreal, is preparing to set up his office as director-general of the British Supply Board in the United States. He will buy for both governments, and will be located at 25 Broadway, New York.

Anti-Sub Vessels Wanted

In both Ottawa and New York a good deal of secrecy surrounds the orders which are contemplated or have been placed. The British imply that they will rely mainly on airplane engines from Britain, though some will be purchased in the United States. The fuselages will be built in Canada. And there will be big orders for anti-aircraft guns, shells, and at least two types of anti-submarine vessels. One type of anti-submarine craft is a 90-foot boat carrying guns and depth charges and known in Britain as a "whale catcher." The other is a shallow-draft motor boat with torpedo tubes.

Canada is placing its business on the basis of plans sketched in advance when it set up its industrial mobilization plan (*BW—Oct 21 '39, p. 55*). More than 1,600 Canadian manufacturers have been surveyed by the Dominion's National Defense Department, and the products they are capable of manufacturing in time of



Wide World

Arthur B. Purvis, director general of the British Supply Board, which will supervise all British and Canadian purchases in the United States.

war, and the exact capacity, are known. Almost half of these firms are in Ontario, but important plants are scattered from Vancouver to Halifax and many will receive important government orders during the next few months. No branch procurement offices have been set up by the National Defense Department. Business is all channelled through the headquarters office of the War Supply Board in Ottawa, the head of which is Wallace Campbell, president of Ford Motor Co. of Canada.

The Canadian government is steadily tightening its grip on business in the Dominion, under pressure of London for complete control over all of the Empire's resources. The sale and price of sugar has been in the government's hands for several weeks. Distribution of coal and coke went on a rationing basis last week. Britain several weeks ago contracted for the bulk of Canada's non-ferrous metal output.

With granaries bulging with more wheat than the Dominion has ever before had on hand, Canadians are in London

negotiating for the sale of the wheat. So far, the British have refused to buy because they have been able to pick up supplies more cheaply in Argentina and Australia. It looks now as though Canada would be compelled to tie up with the British government and take over all stocks of grain.

Britain is openly taking control of all major raw materials within the Empire with a view to orderly marketing and price control. No doubt, London expects to use this weapon in bargaining for materials which must be bought outside the Empire. Wool was one of the first commodities taken over. It was followed by tighter controls over rubber and tin, both of which were already on a closely guarded cartel basis. This week cocoa was added, as far as Britain is able to control the world cocoa market with the large African Gold Coast crop.

Aiding British Credit-Building

It is frankly admitted in Ottawa that trade between Canada and Britain is rapidly narrowing down to transactions between the two governments, strikingly like the British barter of tin and rubber for Soviet lumber. This week, Canadian government authorities ruled that duties on imports from Britain would be collected on the basis of a \$4.43 pound, instead of the old rate of \$4.86 which has prevailed for customs appraisal until now. This is equivalent to lowering the tariff on British imports into Canada, and will help London to build credits in the Dominion to pay for a mass of materials wanted from Canada's growing arsenals.

At the same time, Canadian authorities have agreed to give priority to war materials on all forms of transport. Shippers to Europe will henceforth need to apply to the Transport Control for space in the large convoy departures from the East Coast, or pay the higher costs of shipping on neutral vessels that are roaming the war zones for rush business which they are able to pick up even at pirate prices.

Little Securities-Selling Now

Rumors that Britain is planning large scale liquidation of its American securities on the New York market during coming weeks are not substantiated in Montreal. There has been scattered British selling of stocks in both Montreal and Toronto lately, but the volume has been small, probably less than in New York.

Canadians don't look for an important wave of British liquidation in the Dominion in the immediate future. British gold holdings in Canada amount to about \$600,000,000. Also, in the last few weeks, Canada has made available to London an exchange credit of \$100,000,000 based on the repatriations of London-held Canadian stocks which took place during September and early October.

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International

Idle U. S. ships couldn't transfer to Panama registry; but Standard Oil tankers already had.

The War—Neutrality—and Shipping

SWITZERLAND, with no ocean port, has started to charter a merchant marine. Eight Greek freighters now fly the Swiss flag. In normal times, Italian, German, French, and British ships compete for Switzerland's foreign trade, but the wary Swiss decided early in October that it was time to charter a merchant fleet as they did in the last war.

The United States has taken an entirely different course. Three years ago, Congressmen and shippers argued eloquently for a new merchant marine which would assure Americans of a means of maintaining their normal foreign trade during any crisis. Then the Neutrality Act ended all business in our most active trading territory—northern Europe. Operators of 130 American ships—employing 8,000 or 9,000 seamen and with offices throughout Europe and the United States—were left to solve their own problem.

Only six courses seemed to be open:

(1) They could tie up their ships in American ports and, because their idleness was thrust on them by Congress, could ask Washington for financial relief from the burden of paying dock and minimum maintenance charges. Only

skeleton crews would be kept on the boats, but upkeep costs for the whole 130 vessels would amount to several million dollars a month.

(2) They could probably find foreign buyers for many of these ships and in some cases would be glad to get rid of aging tonnage. But this was no real solution to any shipper with hundreds of carefully cultivated clients on both sides of the Atlantic. The domestic need to keep normal peacetime exports flowing out of this country, especially to neutrals, preys on the minds of exporters and shippers, whether or not Congressmen and the public think of it.

Vessels Could Be Sold Abroad

(3) They could, in some cases, sell the ships to foreign interests and include in the contract the right to act as operators.

(4) They could transfer registry of their ships to dummy corporations in Panama, but continue to operate them exactly as before the Neutrality Act.

(5) They could lease foreign flag ships for European service and hope to lease their own American flag ships to lines outside the restricted zones.

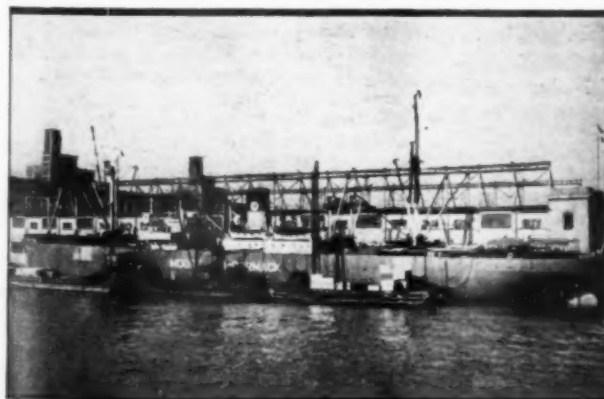
(6) They could shift some of them to unrestricted routes.

The lay-up seems to be what Congress expected, but not the shippers.

Swift Adaptability

Private lines, operating without a subsidy from the government, are free to transfer registry if permission is obtained from the Maritime Commission. The Standard Oil Co. is a striking example of the maneuverability of a private organization in such a crisis. American tankers were registered under the flags of nine nations before the war, and more have recently been shifted to Panama registry.

The flurry caused by the demand of the United States Lines to transfer its ships to Panama registry will put an end to that plan for a time, but insiders still believe it will be the solution most commonly used. (The United States Lines were too much in the public eye and their request for transfer came too soon after passage of the Neutrality Act for politicians' comfort.) Meanwhile, some of the older vessels may be sold abroad but in deals demanding operation from American ports by their old owners.



Acme



International

Bound for Bergen, only north European port for our ships; meanwhile, even the Swiss find cargoes.

The War Week in Business

At Home

War Orders—Both the United States government and foreign buying agencies were active in the war materials market this week. Subsidiary offices of England's Ministry of Supply were set up in New York and purchases in the American market will be "coordinated" with purchases from Canada. Moreover, the French and British will cooperate to prevent competition between themselves. A large French commercial bank has created an agency in New York, and will act as a fiscal agent for the French government in its war-buying program.

In a week characterized by pompous, stiff-necked, and secretive negotiations, one buying agency fumbled the ball. Members of the Uruguayan mission went 8,000 miles to San Francisco to purchase a second-hand ferryboat and were refused admission to the United States because their passports did not have the proper visas.

Planes: "Several hundred" advanced training planes have been ordered, it is rumored, by the British for delivery in Canada. However, no new English order for planes has been confirmed since the embargo was lifted. Sweden has contracted for 80 planes with the Republic Aviation Corp. Informed Swedes make the point that Swedish buying is for Sweden's needs, not for re-sale transactions with Germany. Swedish purchases in September this year increased 140% over September, 1938.

Production capacity of American plane-manufacturers is estimated at 15,000 planes a year by John H. Jouett, president of the Aeronautical Chamber of Commerce of America. Four large builders—Douglas, Lockheed, Vultee, and North American—calculate that they themselves now have an annual production potential of 8,000 planes.

Army Supplies: One French purchasing mission split an order for 200,000 army blankets between two firms. Another bought 6,000 horses through the St. Louis Horse and Mule Commission Co.

Machine Tools: England increased the value of its United States machine tool purchases 35% in the first nine months of this year as compared with 1938. A survey of Ohio machine tool manufacturers indicated that, while orders were down from the September record high level, the backlog of orders is still growing. Orders on the books are estimated to be large enough to insure large quantity production through the third quarter of next year. Some manufacturers are booked up for all of next year.

Ships: The proposed sale of five trawlers to the French by the Portland (Me.) Trawling Co. has been approved by the Maritime Commission.

Defense Preparations: As part of the Army-Navy preparedness program, an order was placed for 1,120,000 lb. of

tin, a strategic metal. The Connecticut Telephone & Electric Corp. believes its \$526,365 order for 21,000 field telephones is the largest order of that type the War Department has placed since 1918.

Shipping—As another step in the government's program to accommodate American shipping to the war situation, the Maritime Commission accepted American Export Line's bid of \$304,000 for four ships in the India service of American Pioneer Line. One stipulation in the deal is that American Export must contract for four new ships for that trade route.

Meanwhile, shippers chartered foreign bottoms, demanded changes in registry for American boats in order to maintain Atlantic service in the combat area. United States Lines' request to transfer eight of its fleet to the Panama flag aroused a public controversy and Roosevelt has intimated that the transfer would be contrary to the spirit of the Neutrality Law, that consequently he would not permit it. Standard Oil of New Jersey, which operates all but a few of its specially-built tankers without government subsidies, has been shifting tankers to Panama registry. Permission has been obtained to change the registry of 15 ships. The Maritime Commission stated that 88 ships were transferred to foreign registry between Oct. 25, 1938, and Oct. 25, 1939. In September this year, 19 were shifted and in October, 12 hoisted foreign flags.

American Scantic Line intends to resume service to Norway with American boats—utilizing the port of Bergen, which was left just outside the combat zone under the President's proclamation. Black Diamond Lines, which operated eight American ships, has chartered Norwegian vessels for trade between Belgium, Holland, and American Ports. Flagship of the Royal Netherland Steamship Co., the Colombia, has been placed on the company's New York-Caribbean run.

England's Athenia, Regent Tiger, Rudyard Kipling, and 53 other ships (a total of 257,398 tons) were on the bottom by the 73rd day of war. France and neutrals had lost 42 ships, 149,008 tons. Heaviest neutral loss: Norway (10 ships). Germany had lost 8 ships, 38,880 tons.

—And Abroad

Great Britain—A British delegation has arrived in Madrid to negotiate an Anglo-Spanish trade treaty. London is making the most of the political implications in a minor "economic collaboration" agreement which has been reached with Italy. Also, six shiploads of Soviet lumber has arrived in Great Britain in exchange for tin and rubber.

All of the 1939-40 British West Africa cocoa crop has been purchased at a fixed price by the British government. Meanwhile, silent Australian wool marts attest to the similar wartime policy the government has pursued in Australia by buying the whole wool

crop. An Australian loan of 10,000,000 Australian pounds, which will be used for defense and public works, will be floated sometime after the first of the year. Australia will also ration imports to conserve dollar exchange.

Eire—Increased taxes on incomes, tobacco, liquor, and sugar have been announced in Dublin to meet the increased expenditures and lower revenues resulting from the war in Europe. A protest was made against the inclusion of neutral Eire in the combat zone by President Roosevelt. He extended his "unofficial sympathy."

Canada—About 25 new army airports are expected to be constructed as a necessary part of the proposed program to train up to 25,000 Empire aviators a year in the Dominion. Conciliation machinery has been set up to resolve any strikes or lockouts which may occur in essential war industries.

Belgium—Wholesale prices made a 19% increase at the beginning of October, and Belgium's manufacturing industry is being hampered by the British blockade, which is holding up large supplies of essential raw materials. The cost of the mobilized army, which is estimated to equal about 10% of the country's population, is also a considerable drain on the treasury.

Germany—This week clothing was more strictly rationed. A man is now limited to one suit, one shirt, and five pairs of socks a year. A woman is limited to one suit, one morning dress, and six pairs of stockings.

According to Italian sources, Germany has made "considerable reductions" in her commercial debts to Italy.

The reported military success of the French against German planes has caused Yugoslavia to be critical of its barter purchases of aircraft from Germany. Because German deliveries are also fewer and more meager than had been anticipated, the Yugoslavs are holding return shipments in balance.

Piecemeal mobilization of manpower for the army has enabled the Reich to maintain a high level of production. In the coal industry, for instance, fairly reliable reports stated that output has been increased since the war started.

Japan—Both England and France reduced their garrisons in North China and intimated that America is now the watchdog for Western interests in the Tientsin-Peiping zone.

Japanese firms interested in American trade formed an "American Problem Council" to study the possible economic aftermath of the expiration of the Japanese-American trade treaty next Jan. 26.

Argentina—An order for 200 tank cars, costing \$447,600, has been placed here by the Argentine government. Presumably British railway supply houses which customarily handle this business, are too hard-pressed by present war orders to accept the business.

Important War Orders Placed

British bargaining more shrewdly than in last war. French reported negotiating for whole factories to be shipped to Europe and reassembled.

WITHIN THE COMPARATIVELY modest limits in which British war buying is expected to be confined for the next few months, important orders are beginning to be placed. In Ottawa, coordination of British and Canadian purchasing has been completed, and decisions have been reached on what orders must be placed at once, how many can be filled in the Dominion, and which ones should be placed immediately in the United States for deliveries urgently needed during the early spring.

In New York, Arthur D. Purvis, Director General of Purchases, is established at the British Consulate at 25 Broadway, and official business is being transacted, but with a considerable amount of secrecy. It is characteristic of the British that they are bargaining far more shrewdly on each order placed than was the case in the last war. Except in a few lines, British home industry is keeping up with domestic demand so far, and Britain's foreign exchange holdings are being carefully preserved for more urgent needs which will develop immediately if large scale bombing begins in Europe, or if a major offensive gets under way on the Western Front.

They're Coming and Getting It

Freighters sailed out of West Coast ports all week with war materials—mostly planes—bound for Britain and France. Along the Atlantic seaboard, British vessels are beginning to arrive at American ports in larger numbers than during October. Unannounced, and painted a dull gray, they arrive and depart in groups, apparently to be conveyed from some point in the neighborhood of Halifax.

The French, meanwhile, continue to place large orders in this market. Reports were current in the machine tool centers of New England and the Great Lakes states that the French are bargaining for whole manufacturing plants. They plan to dismantle them and ship to France for reassembly on prearranged sites far from the front.

Smaller neutral nations are also in the market. The Finns have hired two former U. S. Army officers to help them place their orders for war equipment. Belgium is complaining of inadequate shipping service now that the President's combat zones prevent the usual American vessels from serving Belgian ports, and is reported to have offered to buy the Black Diamond Line boats in order to keep

them in service. Italian agents are scouting our markets for special steels, no longer available to them from old suppliers in Germany and Britain.

War conditions made business for the United States in two big Latin American countries. Continental Can Co. is reported ready to go ahead with plans for a plant in Buenos Aires because of soaring war demand for canned meat and other food products. And in Brazil, final shipments of American oil drilling equipment arrived and are being transported to potential oil fields. New oil refinery equipment for a plant to be built across the bay from Rio de Janeiro will cost \$2,500,000 and will be bought in the United States.

Coal Exports Leap Ahead


With Welsh coal still not arriving regularly in either Canada or South America, the United States coal industry continues to do a good export business. Anthracite production in the United States increased 14% for the year through Nov. 5, compared with a year ago. Bituminous output was up slightly more than 13%. Exports of anthracite to Canada in September were two and one-half times the total for September, 1938. Coal exports generally for the first nine months of the year were 31% higher than a year ago.

Except for rising foreign demand from markets no longer served by Germany and Britain, the chemical industry insists that its activity is not based on foreign war demands. Two of the largest chemical companies in this country, in fact, are reported to have turned down war orders so they could concentrate on ordinary business requirements. Nevertheless, consumption of chemical goods, according to the index compiled by *Chemical and Metallurgical Engineering*, increased 23% between July and October. The October gain alone amounted to more than 10%.

War Brings An Opportunity

One important new chemical venture has been started as a result of the war. The International Agricultural Chemical Co. is enlarging its mining and refining capacities in New Mexico with a \$2,500,000 investment. Part of these increased facilities will be used in producing potassium sulphate, a potash essential to tobacco growers as a fertilizer. Ordinarily it is imported from Germany, for there has been almost no production in this country.

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THE TRADING POST

U. S. vs. British Taxation

A FEW WEEKS AGO, BUSINESS WEEK printed a comparison between the new British war income taxes and the current American federal personal income taxes as they work out in a few representative brackets. I am indebted to the treasurer of a top-flight manufacturing company for the following letter, which carries the comparison of British and American taxes considerably beyond the scope of our original comment: "I have just been reading your tax article, 'The Briton Foots the Bill—U. S. Takes Warning,' in BUSINESS WEEK of Oct. 7, and should like to give you my reaction to it.

"It seems to me that the reader will get the impression that the U. S. income tax burden is much lighter than the tax levy on comparable incomes in Great Britain under their recent Defense Finance Act. However, in fact, the U. S. income tax—the combination of the tax against the corporation and its stockholders—in the case of persons with substantial incomes, is the highest of all the taxes in any country purporting to support the enterprise motive.

"This is true in respect of taxation of dividends, although often misunderstood, because of a fundamental difference between the bases of assessment of the British and U. S. income taxes. The distinction is that the British so-called standard tax, corresponding to our normal tax, is assessed only once against the earnings of a corporation. The taxpayer receives dividends tax-paid, so far as the standard tax is concerned, and is then liable only for surtax.

"Under the U. S. system, the corporation earnings are first taxed; then dividends are taxed against the stockholder who receives them, without any credit given him for the tax paid by the corporation on the same earnings. The result is that the top bracket tax to which an American stockholder taxpayer is subject is 18%, the corporation rate, plus 70% of the remaining 82%, or 64.8% in terms of the original corporation earnings, which combine to make an effective rate of 82.8% on taxable income. In addition to this, the U. S. taxpayer is subject to State income taxes, which in the

case of New York is 8% on amounts over \$9,000. So it is evident that the U. S. effective rate on large income earners is over 90% in the top bracket; whereas your article indicates that the British tax extreme rate is somewhat less than 87½%.

"The following tabulation [see below] shows the effect of high taxation on personal incomes derived from dividends: it assumes a taxpayer resident in New York State.

"Separating the total income [shown by the table] into its successive brackets, so as to show the percentage of tax required of the higher levels of income, we find the following:

Income by Brackets	Effective Rate of Combined Taxes	
	In Great Britain	In United States
\$8,000 in excess of		
first \$4,000	39.7	33.4
Next \$8,000	52.5	40.1
Next 60,000	73.1	56.9
Next 320,000	84.6	88.5

"Your article states that 'by taking away every penny of surplus income, the Treasury avoids a disastrous competition between the government and individuals for the available supply of goods. And by controlling prices and raising taxes on profits, the government makes its own bonds more attractive as an investment in comparison with stocks.'


"This may be good war-time economy, but in periods of peace, such as America has been in since our recent Revenue Act, it is highly desirable to encourage investment in private enterprise, in order to increase employment, etc. And our tax laws have had the same effect as the British wartime taxes, i.e., to drive investment out of industry and into tax-exempt government bonds.

"So, if an American is shocked at Britain's new war-taxes, he should indeed be filled with apprehension on account of the almost insuperable blockade against lasting business recovery imposed by our own Revenue Act. And Congress should be urged to take ameliorative action by reducing the high surtaxes or, as an alternative, by providing for the allowance of a credit against individual income tax on dividends equal to the pro-rata income tax paid by the dividend-paying corporation."

W.T.C.

Comparison of British vs. American Income Taxes

Income from Dividends	Tax Paid by Corpora- tions	Normal Tax and Surtax Paid by Individual to		Total U. S. Tax	Comparative Total British Tax
		New York State	United States		
\$4,000	\$878	\$88	\$50	\$1,016	\$871
12,000	2,634	463	592	3,689	4,021
20,000	4,390	1,032	1,478	6,900	8,220
80,000	17,560	4,423	19,094	41,077	52,068
400,000	87,805	13,710	222,640	324,155	323,068

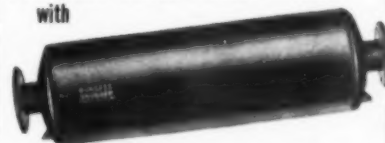


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November 18, 1939

Business "Propaganda"

THERE IS SUCH A THING AS overdoing as good a thing as public relations. By and large, business is certainly in no danger of this. However, here and there you can find business men and business groups that are devoting to the single problem of selling business to the public time that may be ill-spaced from the job of doing the work needed to help business sell itself. And to the obvious answer that business won't sell itself, good public relations men will make what should be the equally obvious retort that, even so, you can't build faith by neglecting good works.

Business men have realized recently and somewhat belatedly that unfavorable circumstances and hostile interests have combined to weaken public faith in their standards, objectives, and concern for the public welfare. Their reaction to this realization has been a stout effort to clean house where house-cleaning has been needed, to make themselves more articulate in broadcasting the values of the business system, to master the technique of propaganda that has lately served bad causes so well and has been so much neglected in the service of good ones.

IN THIS LAST there is real danger. Propaganda can be so fascinating that the honest propagandist of a good cause may find himself more interested in manipulating its machinery than in maintaining the power which keeps that machinery going and makes it productive. For business men that power lies in their ability to contribute to the public welfare, not to talk about their contribution. Business is today beset by too many problems at which politicians have failed for it to concentrate its best brains on the single job of telling the public how good it is. The public has got to be told, but what it is told can be confirmed only by what business does. And meetings of business men which have a wide public audience should reveal themselves in action on the continuing job of perfecting industry's way of living, not merely in action on the job of perfecting the public regard for that way of living.

This war in Europe has had just one good result so far: it has made people propaganda-conscious, has put up their guard against words until those words are confirmed by deeds. This has a bad side so far as it increases the national tendency toward that smart cynicism which has created such a splendid market for the bunk of the professional debunkers. However, the new urge to look for the deeds behind the words is all to the advantage of business men who have

suffered so much from the words of word-masters who have left them looking tongue-tied. We have become so used to government by publicity, so frequently blackmailed into unwise courses by publicity, that we can afford to welcome a little cynicism and cheerfully accept its challenge.

OUR MISTAKE would lie in following the popular vogue for over-simplification of such issues as business faces, in smoothing over the complexities of our problems. There is a particular danger in any propaganda which contributes to the smooth idea that we can be divided simply into two groups—men of good will and evil-doers. It isn't as simple as that. The job of running this intricate free-enterprise system which America has found so profitable in terms of progress and of national well-being isn't easy for men of even the best will to handle. We cannot take the risk of having their occasional failures to master all of its complexities ascribed to a defective system of ethics. We'll go further by taking the public into confidence on our honest difficulties than by trying to build up confidence in our perfection.

On Dec. 6-8 the general American public will have an opportunity to see industrial leaders at work in the white glare of newspaper and radio publicity at the 44th Congress of American Industry to be held by the National Association of Manufacturers and its National Industrial Council at the Waldorf Astoria Hotel in New York. Announcing this meeting, N.A.M.'s President Howard Coonley says, "Conflicts abroad serve to emphasize to Americans the priceless value of our way of life"—and the Congress will provide a sounding board for a clear business statement of this value. But Mr. Coonley adds, "It requires constant scrutiny and analysis." And the meeting's evidence that industrial leaders are keeping their contribution under constant and open-minded scrutiny and analysis will constitute its best "business propaganda."

Published weekly by McGraw-Hill Publishing Company, Inc., 330 West 42nd St., New York City. Tel. MEDallion 3-0700. Night Tel. MEDallion 3-0731. Price 20¢. Subscription: \$5.00 a year, U. S. A., possessions, and Canada. Other foreign, \$7.50. Cable code McGrawhill.

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